



Daily Report

China

FBIS-CHI-88-248
Tuesday
27 December 1988

Daily Report China

FBIS-CHI-88-248

CONTENTS

27 December 1988

INTERNATIONAL AFFAIRS

General

'Yearender' Views International Situation [XINHUA]	1
'Yearender' on Scientific, Commercial Space Use [XINHUA]	2
Foreigners Interested in Aviation Market [CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) 26 Dec]	3
Asian Development Bank Aids Small Enterprises [CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) 26 Dec]	3
Article Views 'New Round' in U.S.-Soviet Talks [GUANGMING RIBAO 9 Dec]	4
U.S.-USSR Dialogue, Possible Summit Viewed [Hong Kong LIAOWANG OVERSEAS EDITION 19 Dec]	5
Soviet, DPRK Foreign Ministers Hold Talks [RENMIN RIBAO 24 Dec]	6
XINHUA Views Agreement on Southwest Africa	7
Former UN Deputy Chief on Human Rights in China [Beijing International]	7

United States & Canada

Ambassador Urges More U.S. Technology Transfer [XINHUA]	8
PRC Ambassador Hosts Dinner for George Bush [XINHUA]	8
News Analysis Predicts Greater U.S. Inflation [XINHUA]	9

Soviet Union

Heilongjiang Cooperation With USSR Expands [Beijing International]	9
Xinjiang Cooperation With USSR Regions Grows [Beijing International]	10
'Yearender' Reviews Soviet Diplomacy in 1988 [XINHUA]	10

Southeast Asia & Pacific

SRV Removes Charges Against PRC, U.S., Japan [XINHUA]	11
Commentary Views Cambodian-Vietnamese Conflict [XINHUA]	12
Report on CGDK News Communique on Talks [XINHUA]	13

Near East & South Asia

Ambassador to U.S. on Saudi Arabian Relations [ZHONGGUO XINWEN SHE]	13
India's Prime Minister Gandhi Concludes Visit	14
Shanghai Mayor Holds Banquet [Shanghai Radio]	14
Visits Xian 22 Dec [ZHONGGUO XINWEN SHE]	14
Shaanxi Governor Hosts Banquet [Xian Radio]	16
Communique Issued [CHINA DAILY 24 Dec]	16
Gandhi Calls Visit 'Very Good' [XINHUA]	17
WEN WEI PO Editorial [Hong Kong WEN WEI PO 26 Dec]	17
Indian Party Hails Gandhi's Visit [XINHUA]	18
Trade With India Experiences Steady Growth [CEI Database]	18

Sub-Saharan Africa

Africa Chinese Students 'Clash' in Jiangsu	18
Incidents on 24, 25 Dec [XINHUA]	18
Demonstration Staged [ZHONGGUO XINWEN SHE]	19
Nanjing Authorities Investigate [XINHUA]	19
African Diplomats Travel to Nanjing [AFP]	20
Spokesman Views Namibian Political Settlement [XINHUA]	20

East Europe

Qian Qichen To Visit SFRY in Early 1989 [Beijing TV]	21
Trade Protocol With Yugoslavia Signed 17 Dec [Belgrade TANJUG]	21
Qian Qichen Receives New CSSR Envoy 20 Dec [Prague Radio]	21
Polish Trade Delegation Visits 13-20 Dec [Warsaw PAP]	21

Latin America & Caribbean

Cuba's Castro Meets With PRC Envoy 20 Dec [RENMIN RIBAO 25 Dec]	21
Yao Yilin Meets Cuban Economic Delegation [XINHUA]	22
Group To Attend Cuban National Day Festivities [XINHUA]	22
Cuban Vice Minister Visits Tianjin 6 Dec [TIANJIN RIBAO 7 Dec]	22

NATIONAL AFFAIRS

Deng, Zhao, Others Meet Air Force Delegates [Beijing Radio]	23
Zhao Presides at CPC Political Bureau Session [Beijing Radio]	23
World Situation Viewed [XINHUA]	23
Li Peng on Supervision in Anticorruption Fight [XINHUA]	24
CPC Officials Cited [XINHUA]	25
Li Peng, Others at Financial Work Conference	25
Wang Bingqian on Retrenchment [XINHUA]	25
Stresses Austerity Measures [XINHUA]	26
More Funds for Reform Measures [XINHUA]	26
Deficits, Inflation Targeted [XINHUA]	26
Tax Collection Emphasized [CHINA DAILY 26 Dec]	27
Li Peng on Tasks, Difficulties [XINHUA]	27
Li, Yao Meet Delegates [Beijing Radio]	28
More on Li Peng Visit to Xichang Space Center [XINHUA]	29
Satellite Development Reviewed [Beijing International]	29
Satellite Operating Normally [XINHUA]	30
Correction to Li Peng Visit to Space Center	30
State Council Reshuffles Investment Committee [XINHUA]	30
NPC Standing Committee Fifth Meeting Continues	30
Infectious Diseases Law Drafted [XINHUA]	30
Deputies Discuss Standard Law [Beijing Radio]	31
Laws, Regulations Proposed [XINHUA]	31
State Education Loan Suggested [XINHUA]	31
Land Use Rights Payment Urged [XINHUA]	32
More on Plenary Meeting [XINHUA]	32
Hu Qili on Press Role in Social Supervision [XINHUA]	33
Commentary on Media Rights [XINHUA]	34
Ban Lifted on Controversial 'Heshang' Series [Hong Kong SUNDAY STANDARD 25 Dec]	34
Activities Mark Anniversary of Mao's Birthday	35
Respects Paid at Mao's Tomb [XINHUA]	35
Leaders See Mausoleum Art Works [Beijing Radio]	35
'Thousands' Visit Memorial [XINHUA]	35
Hua Guofeng Visits Mao's Hall [ZHONGGUO TONGXUN SHE]	36
RENMIN RIBAO Views Retrenchment Policy [26 Dec]	36
RENMIN RIBAO Cited on Restructuring Economy [XINHUA]	38
'Readjustment' Said Necessary To Further Reform [XINHUA]	38
'Main Problems,' Mistakes in Reform Noted [RENMIN RIBAO 23 Dec]	39

REGIONAL AFFAIRS

East Region

Fujian Secretary Urges Spiritual Civilization [Fuzhou Radio]	43
Jiangxi Holds Symposium on Theoretical Work [JIANGXI RIBAO 11 Dec]	43
Shandong Secretary at Congress Presidium Meeting [Jinan Radio]	44
Shanghai Suffering Worst Drought Since 1873 [CHINA DAILY 26 Dec]	44
Shanghai Secretary at Procuratorial Work Meeting [JIEFANG RIBAO 15 Dec]	45
Shanghai Mayor Meets on Economic Environment [Shanghai Radio]	46
Zhejiang Leaders Discuss Agricultural Development [ZHEJIANG RIBAO 16 Dec]	46

Central-South Region

Guangdong Holds Foreign Trade Reform Meeting [Guangzhou Radio]	46
Special Price Inspectors Arrive in Guangdong [Guangzhou Radio]	47
Guangxi Faces Severe Winter Drought [ZHONGGUO XINWEN SHE]	47
Guangxi Secretary Stresses Water Conservancy [Nanning Radio]	47

Southwest Region

Sichuan Officials Punished for Accepting Gifts [XINHUA]	48
Circular of People's Armed Police Corps in Tibet [Lhasa Radio]	48

North Region

Beijing Reports Foreign Trade Record [XINHUA]	48
Hebei Secretary Listens to Economic Briefings [HEBEI RIBAO 9 Dec]	48
Shanxi County Quits Radicalism for Practicality [XINHUA]	49

Northeast Region

Heilongjiang's Sun Attends Commendatory Meeting [Harbin Radio]	50
Jilin Procurators Jailed for Taking Bribes [XINHUA]	51
Jilin's He Zhukang Speaks on Next Year's Tasks [Changchun Radio]	51
Jilin Secretary at Party Plenary Meeting Opening [Changchun Radio]	51
Jilin's He Zhukang Inspects Cadre Examination [Changchun Radio]	52
Liaoning's Quan Shuren Attends Planning Meeting [Shenyang Radio]	53

Northwest Region

Earthquake Shakes County in Gansu Province [XINHUA]	53
Li Ziqi Speaks on Education in Gansu [Lanzhou Radio]	53
Qinghai's Yin Calls for Supporting Procuratorates [Xining Radio]	54

PRC MEDIA ON TAIWAN AFFAIRS

Foreign Ministry Cited on 'Two Chinas' Problem [Beijing International]	55
PRC KMT Spokesman on 'Three Nos' Policy [XINHUA]	55

TAIWAN

Sedition Charges for Direct PRC Trade Dropped [AFP]	56
National Assembly Proposal Urges Unity [Taipei Radio]	56
PRC Offer to Help Defend Spratlys Rejected [CHINA POST 17 Dec]	56
Ten Opposition Assemblymen Arrested [Hong Kong SOUTH CHINA MORNING POST 26 Dec]	56
Taiwan To Develop Self-Made Nuclear Reactors [LIEN HO PAO 17 Dec]	57

HONG KONG & MACAO

Hong Kong

Britain Hints at Increased Refugee Quota [SOUTH CHINA MORNING POST 23 Dec]	58
Initiative Received Positively [SOUTH CHINA MORNING POST 24 Dec]	58
Accord in Sight for Stationing of PLA Troops [HONGKONG STANDARD 26 Dec]	59
PRC Moves To Reassure Investors [SOUTH CHINA MORNING POST 23 Dec]	60

Macao

Macao's Draft Basic Law Issued [HONGKONG STANDARD 26 Dec]	60
---	----

General

'Yearender' Views International Situation
OW2612125588 Beijing XINHUA in English
0757 GMT 26 Dec 88

["Yearender: The World Is Changing" (by Wang Chong-jie)—XINHUA headline]

[Text] Beijing, December 26 (XINHUA)—1988 has seen a lot of fundamental changes in the world, a number, in fact, almost unprecedented for any single year in the more than 40 years since the end of the Second World War.

Dialogues have dominated the international arena, replacing a situation of confrontation.

In December, Moscow and Washington held their second summit since May, the Chinese foreign minister visited Moscow to start the process of normalization of relations between the two biggest socialist states, an Indian prime minister came to Beijing for the first time in 34 years, the Palestine Liberation Organization and the United States began direct talks, and an accord was signed on ending the conflict in southern Africa.

The trend appears to be toward dialogues that are breaking down long-established barriers to find compromise and agreement.

"Hot" spots seem to be cooling down. The Kremlin is pulling its troops out of Afghanistan to pave the way for an end to the nine-year war. The eight-year war between Iran and Iraq has ended. Following an agreement signed by Angola, Cuba and South Africa, peace will be restored in Angola after 13 years of war, and Namibia will taste independence after 73 years of illegal occupation by South Africa.

The 13-year dispute in Western Sahara is cooling down. Ethiopia and Somalia have agreed to end hostile activities. There has been some progress in finding a political settlement in the Middle East and the peace process has made headway in Central America. A political solution to the Kampuchean problem is on the agenda with Hanoi compelled to completely pull out militarily from the neighboring nation.

Regional wars and armed conflict may be varied in nature and size, but one truth is evident: It will not do to seek expansion by force or to settle international disputes by military means.

Intermediate-range nuclear arms are to be scrapped. Nuclear missiles with a range of 500 to 5,000 km are being dismantled from Soviet and U.S. arsenals, the first ever genuine nuclear arms reduction by the two superpowers.

On December 7, Soviet leader Mikhail Gorbachev announced a unilateral cut of 500,000 troops and the withdrawal of six tank divisions from Eastern Europe and some troop withdrawals from Mongolia. This will help speed up talks on conventional arms reduction.

There is a trend toward regionalization and integration in the world economy. The U.S. share of the world economy has dropped from the post-war 50 percent to 23 percent today. The Soviet Union, once the second economic giant, has also slipped in its share of the world economy.

Japan has risen to become an economic leader second only to the United States, while the European Community (EC) almost equals the United States in economic might. The Third World presents a picture of varied development.

Against this background, regionalization is the leading economic trend in 1988: The United States and Canada reached an agreement on free trade, the European Economic Community is quickening its pace toward a united European market set for 1992, Japan and some neighbors are thinking of forming their own economic bloc in East Asia, and the Council of Mutual Economic Assistance (Comecon) is looking for new cooperation opportunities.

Meanwhile integration of the world economy is on the increase. The Western economy had a surprisingly quick recovery following the stock crash in 1987. Part of the reason is the United States, Japan and Western European nations have strengthened policy coordination, and demonstrated their ability for compromise and cooperation. In June the EC and Comecon announced their mutual recognition and establishment of official relations.

The trend towards regionalization and integration shows the degree of interdependence today.

There has been progress in reforms in socialist countries, but socialist countries have met with quite a few problems and some setbacks. East European countries have adopted substantial measures for restructuring the economy and have paid special attention to revamping the ruling parties. The Soviet Union is embarking on large-scale implementation of its "perestroika" program. In the next two years it will reshape its pricing, production and financial credit systems. It has already begun to change its political system.

China has progressed rapidly with its reform program from 1978 to 1988. This year it has concentrated on improving the economic environment and deepening reform.

Naturally, socialist reforms will not be easy to achieve, but those expecting socialist systems to collapse as a result of reform are sure to be disappointed.

It is sobering to see the tints and colors of hegemonism and the arms race, while some regions are still plagued with conflicts and the North-South economic gap is widening. It will not be easy to erase those factors detrimental to peace and stability.

However, the change for the better in the world today is not accidental. It is certain that the change will continue and exert great influence on future developments.

'Yearender' on Scientific, Commercial Space Use
OW2412010488 Beijing XINHUA in English
1440 GMT 23 Dec 88

["Yearender: Space Becoming New Arena for Scientific, Commercial Competition (by Chi Shouzheng)"]—XINHUA headline]

[Text] Beijing, December 23 (XINHUA)—1988 has witnessed the beginning of a significant change, with space no longer a major battleground for the superpowers' arms race, but rather the arena for scientific and commercial competition.

In 1988, the Soviet Union made a breakthrough in space history with Soviet cosmonauts Vladimir Titov and Musa Manarov returning to Earth December 21 after spending a record 366 days in space aboard the orbiting MIR space station.

The Soviet Union also launched its first unmanned space shuttle, "Snowstorm," on October 29.

Meanwhile, the United States has recovered after the "Challenger" shuttle disaster in January 1986 and revitalized its space industry. The U.S. launched two shuttles, "Discovery" and "Atlantis," in September and December.

In addition, Ariane 4, the highest thrust rocket in Europe, sent three satellites into space in one launch in June. China also launched its first weather satellite into the synchronous solar orbit with its advanced "Long March 4" rocket.

Those historical achievements have signalled man's courage and determination to explore space.

The United States plans to set up a manned space station in the near future, with a total investment of 23 billion dollars. The U.S. signed an agreement on the space station project with its 11 allied countries in September.

Washington will also invest a total of 700 billion dollars in the next 50 years in research into the solar system and Earth's atmosphere, while establishing manned bases on the moon and Mars.

The Soviet Union is scheduled to build the MIR station into a 120-ton space station with four modules in 1994.

The European Space Agency will earmark 32 billion dollars in 12 years to develop the "Hermes" shuttle, Ariane 5 and a manned space module.

Japan is hoping to send its shuttle into orbit in the mid-90s and set up its manned space station by 2010.

Some developing countries, such as China and India, have developed their own space program, while others are still in the early stages of building their space industry.

The space industry has now become one important part in the strategic development of high technology industries in the 21st century and will play a significant role in the future of a country.

Since the launching of the first Soviet man-made satellite in 1957, over 400 billion dollars have been spent on the space industry worldwide and more than 3,600 spacecraft have been put into orbit.

With the commercialization of the space industry, more and more beneficial results have been felt by the industry. It is estimated that the total profit for manufacturing and launching of satellites alone in 1988 will be 14.1 billion dollars, of which five billion dollars are for communications satellites.

The total turnover for operating remote-sensing satellites to forecast farm harvests and exploit mineral resources in the next nine years will be from 7.2 to 9 billion dollars.

Experts predict that the total annual turnover in the space industry will reach 65 billion dollars by the end of the century. As a result of the industry's huge profits, competition among various countries and groups has intensified.

The United States has worked out a series of policies to encourage space commercialization and has set up nine research centers in the U.S. In addition, more than 3,500 U.S. companies are running businesses associated with the space industry.

Europe's Arianespace signed 49 contracts for launching satellites by the end of June, about half of the worldwide satellite-launching market, while the United States accounted for 64 percent of the communications satellite-launching market.

Confronted with fierce competition, Arianespace has created a sales department to study the international market. But at the same time, it also has taken various measures to prevent the Soviet Union and China from entering the international market for launching satellites.

Outwardly, the United States, Western Europe and Japan have coordinated their space policies, but inwardly they all have their own plans aimed at gaining the upper hand over the competition.

The Soviet Union is now taking advantage of East-West detente and its own superiority in some areas of space technology by initiating a diplomatic offensive in the space industry and demonstrating its willingness to cooperate with Western countries in space exploration. Its aim is to gain a foothold in the Western space industry and share the international market for space technology.

Foreigners Interested in Aviation Market
HK2612053888 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 26 Dec 88 p 3

[By staff reporter Zhang Ping]

[Text] Shanghai—Americans, West Germans, Soviets and French want to share in the Chinese aviation market. They are making their plans known at the current Shanghai Air Show.

McDonnell Douglas is displaying the locally assembled MD-82 passenger plane.

Since joint Sino-U.S. manufacture of MD-82 passenger planes began in April 1986, four aircraft have been assembled, with the U.S. partner supplying the parts. The planes are handed over to the China Eastern Airlines and Shenyang Aviation Corporation.

These planes are capable of flying non-stop up to 16.8 hours, more than similar planes of different makes.

This is one of the biggest sino-U.S. technology co-operation projects, involving an investment of \$500 million. Twenty-five MD-82 planes will be made here before July 1991. After that, both sides will consider building an additional 20 MD-82s here.

"Co-operation between Shanghai and McDonnell Douglas is progressing satisfactorily and we hope this will continue," said one of the American firm's top officials.

West Germany's Lufthansa, one of the world's biggest airlines, hopes to develop a direct air links from Frankfurt to Shanghai, its sister city.

Juergen Weber, chief technical manager of Lufthansa, said there are no technical problems and discussions have been held with Shanghai's mayor and China Eastern Airlines.

"Both sides hope the direct non-stop flights from Frankfurt to Shanghai will open next year," he said, adding that there will have to be negotiations with the Soviet

Union since the 10-hour non-stop flight will fly over Soviet territory. In view of the improving China-Soviet relations, Weber expects a quick, favourable decision.

Aside from seeking direct flights to Shanghai, Lufthansa, with 150 passenger planes and thousands of engineers, is preparing to set up a joint-venture airplane service centre in Beijing. This will be the largest plane maintenance and repair centre in China.

"When this centre is established, nearly all the types of planes, used by foreign and domestic airlines, can be serviced in China," Weber said.

Of the 30 foreign companies at the air show, the representative of the Soviet Union is the highest ranking official in attendance. He is Anufry Bolbot, deputy minister of the USSR's aviation industry.

"We are here to seek more business opportunities," Bolbot said. "We are very willing to have co-operation with China in the aviation industry."

For the first time, the Soviet Union is showing its An-124 cargo-transport plane—the largest in the world. The plane can transport 150 tons of cargo and four helicopters at the same time.

Bolbot said, many Chinese experts have visited Soviet airplane manufacturing plants in recent years.

The Soviet deputy minister said he hoped that co-operation with the Chinese side in the aviation industry will deepen.

To the French, showing the Airbus in Shanghai seemed quite natural. China has bought five of these planes. They are flying for China Eastern Airlines of Shanghai.

"We want other Chinese airlines to buy Airbus plans, too," the French official said.

Visitors, including many foreigners, continue to be interested in China's civil and military airplanes.

For the first time, China-made F-7 fighters, A-5 attack planes and PL-5 air-to-air missiles were shown.

Asian Development Bank Aids Small Enterprises
HK2612053288 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 26 Dec 88 p 2

[By staff reporter Cao Yong]

[Text] Some of China's small and medium enterprises may realize their dream of renovating out-of-date facilities. Loans have been approved to meet their needs by the Asian Development Bank (ADB) during the past two years. More such loans are on the ADB agenda next year.

Two loans totalling \$200 million have been approved to upgrade more than 300,000 enterprises. Such renovations have been hindered because of the nation's shortage of funds.

In 1989, the China Industrial and Commercial Bank will extend the third such ADB loan, amounting to \$100 million, to small and medium enterprises.

China has been granted \$457 million in loans from the ADB in the three years since it was admitted to the bank.

In 1989, it is hoped that the nation will get even more ADB loans, said Li Buqun, an official with the international department of the People's Bank of China.

These loans will be a positive help in China's efforts to upgrade its technology and improve its infrastructure in the energy and railway sectors, he said.

The ADB has lent \$40 million to help build a railway between Xiaoyi and Liulin in Shanxi Province. It will help improve coal transportation. ADB plans to make another \$50 million loan to Guangdong Province to build a railway between Yaogu and Maoming next year.

Funded by ADB loans, China plans to establish some import substitution factories; this should help to save foreign exchange.

For example, the Nanning Titanium White Factory, funded by an ADB loan of \$47 million, will be built to produce titanium white, the price of which is increasing on the international market. This will reduce imports of this material.

The ADB is showing interest in the development of China's high-tech industries. It plans to give loans to help develop such industries in the coastal area. The amount of such loans is to be determined later.

ADB's loans mainly have focused on coastal areas in China. As time goes on, China and the Bank hope to extend their co-operation to inland areas, Li said.

He noted that the 22nd annual meeting of the ADB will be held in Beijing next May.

This is the first time that ADB will hold such a meeting in China.

About 2,000 people from abroad, including some finance ministers, will attend.

It is expected to strengthen ties between China and the ADB.

Preparations for the meeting are now under way by the People's Bank of China and the Beijing municipal government.

Article Views 'New Round' in U.S.-Soviet Talks
OW2312154388 Beijing GUANGMING RIBAO
in Chinese 9 Dec 88 p 4

[Article by Washington-based staff reporter Wang Deming (3769 1795 6900): "A New Round of Talks on U.S.-USSR Relations"]

[Text] On 7 December, U.S. President Reagan and Vice President and President-elect Bush had lunch in Long Island, New York with Soviet leader Gorbachev, who had come to attend the UN General Assembly session. This was the fifth meeting between Reagan and Gorbachev, and the first between President-elect Bush and the Soviet leader. The meeting was dubbed a "mini summit" in view of the fact that no conclusions were reached on any major issues. Take Gorbachev, for example; he came to bid farewell to the outgoing American president and, at the same time, to say hello to the president-elect who will take over next year. As for Reagan, he is handing over the baton for American-Soviet relations to Bush. Although such an event may seem normal, it appears that there is more to it than one would expect.

According to reports, this meeting had been proposed by the Soviet Union 3 weeks earlier. It had hoped to use the opportunity of Gorbachev addressing the UN General Assembly to begin official contacts with the next American president at an early date, as well as to find out to what extent Bush will continue to carry out Reagan's domestic and foreign policies. Judging from the speech Gorbachev delivered at the UN General Assembly on the morning of 7 December, it seems that the Soviet Union is trying to use the reduction of its conventional arms to give an impetus to the next round of Soviet-American arms control talks. Gorbachev proposed to cut Soviet forces unilaterally by 500,000 men within the next 2 years and to withdraw 6 tank divisions from the German Democratic Republic, Czechoslovakia, and Hungary by 1991. At the same time, the Soviet Union also plans to reduce its armed forces stationed on Europe itself. Gorbachev also mentioned the withdrawal of a large portion of the Soviet forces stationed in Mongolia after an agreement is reached with the host country. Public opinion here has argued that this is a diplomatic offensive by the Soviet Union against the Reagan administration, as well as a challenge to the future Bush administration. It is also a signal to China, indicating the Soviet Union's wish for better relations.

The official American response to Gorbachev's proposal for a reduction of conventional arms has been a cautious welcome. This response also noted that the result of the meeting between the leaders of the two nations had been "constructive." After the luncheon meeting, Secretary of State George Shultz told reporters that both sides had

"spoken frankly and sincerely," that "the atmosphere had been friendly," and that both sides hoped to improve relations. He welcomed Gorbachev's proposal for the reduction of conventional arms. He said that "this was a significant step taken in the right direction," "but it is only the first step"; in view of the fact that arms reduction must be completed by 1991, "there are still many things that need to be discussed and resolved." Reagan returned to Washington after concluding his meeting with Gorbachev. While addressing the conservative think tank American Enterprise Institute that evening, he pointed out that the American-Soviet meeting in Long Island, New York "had been constructive and encouraging." He expressed his belief that the future Bush administration would continue the work carried out by the United States and the Soviet Union in Geneva since 1985. He said that during the meeting he had stressed the importance of the human rights issue in relations between the two countries. He also stated that both parties had reviewed the progress made in arms control talks, the reduction of regional conflicts, and the development of bilateral relations, and that they had expressed their satisfaction with these issues. However, both parties admitted that they still had differences, in principle, over many issues. Reagan emphasized that because of these differences, the responsibility of the United States has not diminished but increased. He urged the American people "to be alert," and said that "only by having a strong United States can peace and freedom be preserved." Observers here believe that Reagan spoke these words for the ears of conservative Americans in order to dispel any misgivings that may have been created by his meeting with Gorbachev during the end of his term of office.

Bush occupied a delicate position during this meeting. Judging from his overall performance, he tried his best to remain in his status as a vice president, taking a low profile in an effort not to highlight himself as the president-elect. Opinion here praised Bush for his "implicit and cool gesture," and expressed the belief that he will adopt a cautious attitude toward American-Soviet relations and arms control talks. "He will not take hasty actions with regard to American-Soviet relations before a specific plan on East-West relations has been formulated and allies have been consulted." Brent Scowcroft, nominated by Bush as the next national security adviser, pointed out before the presidential election that Bush is more "realistic" than Reagan, and that he regards "the Soviet Union as a tough opponent who understands only strength; therefore, the United States must make use of its strength when dealing with the Soviet Union." What new tactics the future White House staff of Bush will take in handling American-Soviet relations is a matter of concern to people. It is widely believed that Bush will, in essence, continue Reagan's Soviet policy, but with some adjustment in strategy, and that he will adopt a more pragmatic and cautious approach. According to diplomatic circles here, dealing with the Soviet Union will be a major challenge facing the Bush administration.

U.S.-USSR Dialogue, Possible Summit Viewed
OW2512225188 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 51, 19 Dec 88 p 24

["Exclusive Dispatch From Washington" by Wei Guoqiang (7614 0948 1730): "A U.S.-Soviet Summit Meeting Targeted for the Future"]

[Text] On 7 December, U.S. President Reagan and President-elect Bush held more than 2 hours of talks without an agenda with Soviet leader Gorbachev on Governors Island in New York. After the talks, both sides expressed satisfaction with the meeting. Reagan said the talks were "positive, encouraging." Gorbachev stressed that "the talks were very frank and sincere."

The short meeting was proposed by the Soviet and U.S. sides on their own initiative. Many observers believe that the Soviet Union took the following three points into account when it made the proposal.

1. Since the USSR-U.S. Moscow summit at the end of May of this year, the Soviet side has launched a diplomatic offensive in West Europe and Asia while paying attention to dealing with its internal problems. Leaders of some West European countries have made successive visits to Moscow. The Federal Republic of Germany, France, and United Kingdom have promised \$9 billion in loans to the Soviet Union. In early November, Gorbachev visited India, where he reiterated a commitment to strengthen Soviet-Indian ties. In early December, the Soviet Union invited Chinese Foreign Minister Qian Qichen to visit the country. An agreement was reached on a summit between China and the Soviet Union in the first half of next year. Would these diplomatic moves by the Soviet Union arouse suspicions on the American side about its strategic intentions? Would this appear to be neglecting the United States? On the basis of this consideration, the Soviet Union felt it necessary to keep the supreme leaders of the United States informed of the situation in order to avoid misunderstandings by the other side and avoid adversely affecting the improved bilateral relations.

2. Through their efforts in the past few years, the United States and the Soviet Union have made considerable progress with regard to disarmament, regional conflicts, and human rights issues. In spite of this, however, as Reagan said: "Fundamental differences still exist in many areas." Regarding the reduction of strategic weapons and the reduction of conventional armaments, for instance, there are still many problems for the two countries to settle. With regard to the Afghan issue, although a four-party agreement was reached in Geneva and the Soviet Union has begun to withdraw its troops there, the United States and the Soviet Union hold different views on the issue of aid to the opposing sides. The renewed clash between the Soviet troops and the Afghan guerrillas recently has more or less aroused doubts about whether the Soviet troops will be withdrawn as scheduled. Gorbachev wished to offer some

explanations to the U.S. leaders on this issue. The Soviet Union also hoped to continue to have U.S. cooperation on South Africa, Cambodia, peace in the Middle East, and other regional problems.

3. The United States will have a new president next January. Will the Soviet-U.S. dialogue maintain its momentum? How can it be maintained? This is an issue about which the Soviet Union is greatly concerned. The Soviet side also hoped to have an exchange of views with the incumbent president and the president-elect of the United States before the new president takes over the reins.

On the U.S. side, Reagan wanted to have an opportunity to advertise his "achievements" before he turns over the office to the next president. Bush needed an opportunity before taking over the office to make direct contact with the Soviet leader in order to better understand Soviet strategic intentions, find the common areas where the two sides may negotiate and cooperate in the future, and further develop the already improved relations between the United States and the Soviet Union.

Neither side revealed the specific contents of the talks after the 7 December meeting. However, according to U.S. Secretary of State Shultz, during the "informal" summit, the two sides reviewed the development of bilateral relations in a "cordial" atmosphere. They also held "substantive and general, informal discussions" about disarmament, regional conflicts, human rights, and bilateral relations.

It is believed that, on the issue of disarmament, in addition to discussing ways to conclude the strategic arms reduction treaty as soon as possible, the two sides may have also exchanged views on the reduction of conventional arms and a chemical weapons ban. On the eve of the meeting, Gorbachev announced at the UN General Assembly that in the next 2 years the Soviet Union will unilaterally reduce 500,000 troops, 10,000 tanks, 6,500 artillery pieces, and 800 combat aircraft. In addition, it will reduce its troops in Eastern Europe and Mongolia. In addition to showing its sincerity to the world, Gorbachev chose to make the announcement at this time with the intention of sending this signal to the U.S. leaders: We hope the United States and its West European allies will put the reduction of conventional arms on the agenda.

It has been learned that during the meeting the leaders of the two sides did not have a detailed discussion on this decision of the Soviet Union. However, signs in various quarters indicate a possibility that in the future the United States and the Soviet Union may make efforts in the area of conventional arms reduction.

At a news briefing, Shultz said that the leaders of the two countries expressed the same wish to continue their cooperation in seeking a political settlement of the regional conflicts in South Africa, Cambodia, and the

Middle East. With regard to the Afghan issue, the United States agreed to continue to cooperate with the Soviet Union. Soviet troops will be pulled out completely by 15 February next year.

Simultaneously with the meeting, talks were held between Shultz and Soviet Foreign Minister Shevardnadze for "more in-depth" discussions on the Cambodia issue. They also discussed Sino-Soviet relations and the situation on the Korean peninsula, as well as such topics as increasing contacts between the peoples of the two countries.

Noteworthy is that although Reagan and Gorbachev were the leading characters and Bush took part in the meeting in his capacity as vice president, Bush was "rather positive" in the discussion of the above issues and exchanged views with Gorbachev on the question of a future U.S.-Soviet summit. Bush indicated that it would take some time for him to prepare for the summit, and Gorbachev expressed his understanding. Hence, we can see that the possibility is slim for another U.S.-Soviet summit in the near future. However, this does not mean that the trend of dialogue between the two countries will diminish, nor that the process for improving bilateral relations will slow, because through the meeting, the leaders of the two superpowers have basically identified the targets toward which the two sides will continue to work.

After the meeting, Reagan and Gorbachev stated at separate events that through their efforts in recent years, a new situation of detente has emerged in U.S.-Soviet relations, that the two countries have scored fruitful achievements in disarmament and the settlement of regional conflicts, and that such a trend should and can be continued.

People generally agree that although the meeting produced neither the sensational response to Gorbachev's announcement at the United Nations about the Soviet Union's unilateral troop cut nor any accord on a specific issue, we should not underestimate the meeting targeting the future as well as its impact on U.S.-Soviet relations and East-West relations as a whole in the next few years.

Soviet, DPRK Foreign Ministers Hold Talks

HK2712093088 Beijing RENMIN RIBAO in Chinese
24 Dec 88 p 6

[Dispatch from Pyongyang by reporter Xu Baokang (1776 1405 1660): "DPRK Foreign Minister Kim Yong-nam Held Talks With Soviet Foreign Minister Shevardnadze"]

[Text] Pyongyang, 23 Dec—Kim Yong-nam, vice premier of the DPRK Administration Council and concurrently foreign minister, and Soviet Foreign Minister Shevardnadze held talks in Pyongyang today. In the talks, both sides briefed each other on their respective domestic situations, and exchanged views on the issues

of easing tension on the Korean peninsula, further strengthening their friendship, and so on. Both sides also showed their "greatest concern" for the situation in the Far East region and Asia.

XINHUA Views Agreement on Southwest Africa
OW2512045388 Beijing XINHUA in English
0234 GMT 25 Dec 88

[Text] Gaborone, December 24 (XINHUA)—The signing of the Tripartite Agreement on Peace in Southwestern Africa is indeed another historic event in 1988, which is widely acclaimed as the year of peace and global detente.

Thursday's signing of the peace accord in New York followed seven months of complex negotiations between Angola, Cuba and South Africa under the mediation of the United States and the Soviet Union.

It marks the beginning of the end of South Africa's 73-year occupation of Namibia and ensures the implementation of U.N. Resolution 435 on Namibian independence by April 1 next year.

The agreement also provides the phased withdrawal of an estimated 50,000 Cuban troops from Angola within 27 months, thus bringing about a better chance for Angola to solve its problems.

This is an accord with no loser but diplomatic advantages for all concerned. By putting its signature on the accord, Pretoria could also rid itself of a heavy financial and military burden and gain a breathing space for solving its internal problems.

But there is much to be done before genuine peace could be achieved in the region. New problems would likely emerge when the three parties are faced with a formal cease-fire, the troop withdrawal and the organization of free elections in Namibia under U.N. supervision.

However, the New York agreement is no doubt a milestone in the effort to seek a better future for the people in the southwestern African region.

Former UN Deputy Chief on Human Rights in China
OW2512231838 Beijing International Service
in Mandarin 0900 GMT 20 Dec 88

[Excerpts] The 40th anniversary of the adoption of the Universal Declaration on Human Rights by the UN General Assembly fell on 10 December this year. Recently this station reporter interviewed Mr Bi Jilong, president of the UN Association on China and vice chairman of the China Society on International Law, on the subject of human rights at home and abroad in the past 40 years, since the adoption of the declaration. [passage omitted]

When this reporter asked what, as president of the UN Association on China and vice chairman of the China Society on International Law, he had to say about the Universal Declaration on Human Rights, Mr Bi answered: The Universal Declaration on Human Rights was adopted by the UN General Assembly on 10 December 1948. This was an important resolution adopted by the United Nations, as well as the first document that specifically concerned the international human rights issue. For the first time, on a global scale, it gave substance to basic human rights, laid the foundation for the development of the human rights concept in the future, and played a positive role in the national liberation movement that kept developing after World War II. It has exerted a far-reaching and profound influence.

Reviewing the development of the human rights issue in the past 40 years and the many serious problems faced in this regard, the United Nations has called on all countries to carry out commemorative activities on the occasion of the 40th anniversary of this declaration. It has practical and positive significance.

This reporter asked Mr Bi to talk about the development of the human rights concept and China's international activities related to human rights. The former deputy UN secretary general is well-informed about the situation in this regard. He said: The international concept on human rights has been constantly developing in the past 40 years since the publication of the declaration, which, for the first time, gave substance to basic human rights and considerably expanded the traditional concept on basic human rights in the West. It not only confirmed citizens' rights and political rights, with their broad implications, but also mentioned the right to enjoy social insurance, the right to work, rest, receive an education, join the cultural life of the society, and so on. This was an important development of the international concept on human rights. [passage omitted]

China has consistently taken a clearcut and firm stand on and has actively paid attention to international human rights activities. It has actively supported and participated in the drafting and preparation of international resolutions and conventions related to human rights. China has also been elected a member of the UN Commission on the Status of Women, the UN Commission on Human Rights, and other UN agencies. It has played an active role in related activities and contributed its share in this regard.

In conclusion, this reporter asked Mr Bi Jilong to talk about the efforts to safeguard human rights in China. As an expert in international law, he said: After the Chinese people ended the dark ages of the past, the PRC, as a socialist country, conducted thorough reforms in political, economic, social, cultural, and other areas. The Chinese people enjoy broad democratic rights based on China's conditions, the Constitution, and the related laws. Despite the upheaval of the tumultuous decade of the Great Cultural Revolution, when socialist democracy

in China temporarily sustained great damage, China's socialist democratic system has been constantly strengthened and perfected and the socialist legal system has been constantly revised and perfected, thanks to the efforts to bring order out of chaos and deepen reform. The democratic rights and freedoms enjoyed by the Chinese people have been constantly expanded and effectively guaranteed.

Here, I would like to point out that China's Constitution, which was revised in 1982, has summarized the past experience and explicitly stipulates that Chinese citizens enjoy many rights and freedoms. It includes many rights stipulated in the Universal Declaration on Human Rights, and some of the rights stipulated in the Constitution are broader and more plausible than those contained in the Universal Declaration on Human Rights.

United States & Canada

Ambassador Urges More U.S. Technology Transfer
HK2512055988 Beijing XINHUA Hong Kong Service
in Chinese 0443 GMT 25 Dec 88

["Ambassador Han Xu Says There Are Broad Vistas for Sino-U.S. Economic Cooperation"—XINHUA headline]

[Text] Beijing, 25 Dec (XINHUA)—On the eve of the 10th anniversary of the normalization of the relations between China and the United States, Han Xu, Chinese ambassador to the United States, declared that the Chinese Government sincerely wishes to enhance cooperation with the forthcoming U.S. Administration and to make concerted efforts with this administration to further consolidate and develop cooperative relations between the two countries, especially in the economic field, in the years to come.

Ambassador Han made the above statement when interviewed by a XINHUA reporter in Washington. A report on this interview will be carried in the latest issue of LIAOWANG weekly to be published on 26 December.

Han Xu said: The trend of dialogue and detente in the world today has provided a favorable condition for the upgrading of economic cooperative relations between China and the United States. He noted: "Economic and trade cooperation is a kind of long-term cooperation that can promote development of relations in other fields. There are broad vistas for this cooperation and it will have far-reaching influence."

Han Xu emphasized that the economic and trade cooperation between China and the United States is very much a kind of complementary and mutually beneficial relationship. "If both sides can realize this, then Sino-U.S. cooperation is bound to develop further in depth in the next 10 years," he said.

He said: Over the past 10 years, China and the United States have made gratifying achievements in their economic and trade cooperation. However, these achievements do not match with the population, resources, market, and the level of productive forces of the two countries as a whole.

He continued: To promote a still greater development of Sino-American economic cooperation in 10 years to come, the two sides must make further efforts to remove various kinds of obstacles.

Ambassador Han hoped that more American personages, personages in the political field in particular, would understand that the prospects of Sino-American relations will be more and more determined by the level of economic and trade cooperation and technological transfer on the U.S. side, and its openness to China.

He stressed: Regarding some aspects in the U.S. economic relations with China, some outmoded laws and regulations have still been applied to date. This is obviously detrimental to the development of Sino-American economic and trade cooperation.

He continued: In recent years, the United States has lost business totalling \$9 billion or so because it is unwilling to sell certain technology to China. This can only be regarded as a loss to the U.S. entrepreneurs.

Han Xu particularly pointed out: Technological cooperation between China and the United States "is not a one-way street." With the constant increase of China's scientific and technological level, China will give the United States greater help. "Therefore, if the United States relaxes its technological transfer to China, this can only benefit both sides."

PRC Ambassador Hosts Dinner for George Bush
OW2312191688 Beijing XINHUA in English
1546 GMT 23 Dec 88

[Text] Washington, December 22 (XINHUA)—Chinese ambassador to the United States, Han Xu, invited U.S. President-elect George Bush and his wife, Barbara, to dinner at the ambassador's residence this evening.

Han told Bush at the dinner that he is an old friend of the Chinese people, who warmly congratulated his success in the presidential election.

He said the Chinese people believe that Sino-U.S. relations will develop "in a steady and healthy manner," on the basis of the three communiques signed by the two nations.

Describing the Sino-U.S. relationship as "strong," Bush recalled that it was when he was touring China's Changjiang River in September 1971, that he made the decision to run for President.

The vice president and his wife signed a picture taken of them with the ambassador and his wife. The inscription reads "With affection and admiration to two real good friends, warmly."

Bush and Han Xu also exchanged gifts to each other during the visit, and the ambassador's wife, Ge Yiyun, gave Mrs Bush a calligraphy of two large Chinese characters—"the dragon and the eagle."

The vice president has been invited by the Chinese ambassador every year before Christmas since his first visit to Han's residence on December 21, 1985. "If you invite us next year, we'll be here again," he told Han.

News Analysis Predicts Greater U.S. Inflation
OW2712070288 Beijing XINHUA in English
0217 GMT 27 Dec 88

["News Analysis: U.S. Inflation To Intensify Next Year"]

[Text] New York, December 26 (XINHUA)—Although the latest U.S. economic figures have alleviated some concerns about inflation pressures in the short term, inflation will still tend to intensify in the United States over the next year.

The government's latest reports show that both the producer price index and the consumer price index rose a moderate 0.3 percent in November, easing some of the concerns over an immediate hike in inflation pressures.

However, a broader view of the economic panorama shows that inflation may spiral upward in 1989.

An inflationary spiral occurs when rising prices spill into costs, higher costs jack up prices in return, then wages rise in response and cause prices to surge up again.

Price inflation, whether measured by the consumer price index (CPI), gross national product (GNP) price deflator, the consumer goods price deflator or producers' price index (PPI), has shown a marked acceleration.

So far this year, the CPI has risen at a 4.6 percent annual rate, but a 4.8 percent rate has been registered over the past three months. The implicit GNP price deflator recorded a 3.8 percent annualized growth rate in the past year and 4.9 percent over the past six months.

The consumer goods price deflator, viewed by many as the broadest measure of consumer inflation for both goods and services, is up to a 4.1 percent annual rate and has risen by 4.9 percent over the past few months.

Meanwhile, the PPI has shown a 3.9 percent annual rate this year, but without energy and food prices, it is up by 4.8 percent.

The major reason for the rising inflation is that the economy appears to be in a "full employment zone," which has resulted in classic demand-pull inflation.

There are usually three measures to gauge "full employment." The first is the gap between potential GNP and real GNP. Then come the unemployment rates and capacity utilization rates.

The gap has already been eliminated by 72 months of expansion and seven consecutive quarters of three to six percent growth. In the fourth quarter of 1982, real GNP was 382 billion dollars or 11 percent below potential GNP. But it surpassed potential GNP in the first quarter of 1988 and now stands nearly 50 billion dollars higher.

The U.S. unemployment rate is now standing at 5.4 percent, the lowest since early 1979. At least 22 states have shown unemployment rates of five percent or lower, which probably means full employment and creates strong pressure on wages.

Utilization rates also reflect an increasingly fully employed economy. The capacity utilization rate was 84.2 percent for November, the highest in nine years. In manufacturing, the rate is even higher, at 84.5 percent.

The rise in prices has spilled into labor costs, sending wage inflation approximately three-quarters to one percentage point up over the past year. Average hourly earnings, a measure that does not include benefits and fringes, has risen 3.6 percent so far this year and is up, at a 4.5 percent annual rate over the past three months.

For much of the 1980s, falling oil prices served as an escape valve to help quench inflation. But with the recent OPEC agreement in Vienna jacking up crude prices, the oil price factor has turned negative for inflation in the United States.

In view of these factors, "the inflation rate in the United States seems headed higher—in the first half of 1989 to a 5.5 percent annualized rate, on average, and then perhaps six percent," said Allen Sinai, chief economist of the Boston Company Economic Advisors, Inc.

Because of the higher inflation rate, the U.S. dollar will decline further against major Western currencies in the coming year. In return, a weaker dollar will push up inflation again.

Soviet Union

Heilongjiang Cooperation With USSR Expands
OW2512190488 Beijing in Russian to the USSR
1900 GMT 22 Dec 88

[Text] Great progress has been achieved this year in the border trade of China's Heilongjiang Province with the Soviet Union. Heilongjiang Vice Governor Du Xianzhong said this at a work conference on Heilongjiang border trade.

By the end of November, the whole province had already fulfilled the supply of goods totalling 146.11 million Swiss francs. This is 4.7 times as much as the sum of the corresponding period of last year. As of today, the assortment of export goods of the province grew from 50 to 3,000 kinds. The output of the PRC's machine engineering, electrical engineering, and instrument manufacturing industries have already entered markets of the Soviet Far East. Among the supplied goods are tape recorders, minicomputers, and automobiles.

The sphere of cooperation is constantly expanding. By the end of November, the province had concluded with the Soviet side 157 contracts and agreements on technical and economic cooperation, 15 of which are already being implemented. In addition, talks are being held on the supply to the PRC of electric power and cooperation in the construction of a bridge across the Heilong Jiang and other projects.

Xinjiang Cooperation With USSR Regions Grows
OW2312211388 Beijing in Russian to the USSR
1900 GMT 19 Dec 88

[By Beijing radio correspondent]

[Text] As you know, the Xinjiang Uygur Autonomous Region of China borders the Central Asian Region of the USSR. From ancient times, it has a tradition of and the conditions for conducting mutually beneficial trade with its neighbors. In recent years, Xinjiang trade relations with the USSR have been quickly rebuilt and have been making rapid progress. Last year the volume of Xinjiang's trade with the USSR amounted to 40 millions Swiss francs, and the total sum of trade agreements signed this year is expected to reach 200 millions Swiss francs.

Xinjiang is carrying on trade with its neighbor at the regional and local level, particularly at the local level. Since 1986 the proportion of trade at this level has continuously been increasing. This year, it has already reached 66 percent of the total volume of trade between Xinjiang region of China and regions of the USSR.

At present Xinjiang has established direct trade relations with five union republics and three krais of the USSR's Central Asian Region. Last year, Xinjiang held a trade fair in Tashkent, and more than 30 special-purpose documents on economic cooperation were signed in 20 days. In the last 10 days of last September, during Xinjiang's second tour of talks on border economic and technical cooperation and import-export trade, a Kazakh SSR trade and economic delegation participated as well, and an exchange of information in these spheres took place. All these measures undoubtedly promote mutual understanding and development of trade between regions of the PRC and USSR.

In recent years, besides conducting barter trade, the two sides made progress in forming joint enterprises for processing raw materials, compensatory trade, and other forms of cooperation. In the second half of this year, Xinjiang demonstrated further flexibility in developing its policy in this sphere. As a result, five prefectures were granted the right to conduct independent border trade with the USSR and MPR. Construction of goods storage areas in Korgas was expanded as well, this being one of the leading centers in our country's trade with the USSR, where installation of new equipment considerably increased in terms of capacity. In addition, intensive construction of a railway in Northern Xinjiang is under way; this railway will link up with the Soviet railways in 1990. Goods turnover between the two sides will then increase further.

Conditions for investment and development of foreign trade cooperation in Xinjiang is improving as well. We are convinced that, with the uninterrupted deepening of restructuring of the economic and trade system both in China and the Soviet Union, broader prospects for further cooperation in this sphere will open up for the two countries.

'Yearender' Reviews Soviet Diplomacy in 1988
OW2412014488 Beijing XINHUA in English
0915 GMT 23 Dec 88

["Yearender: 1988—Kremlin's Year of Brisk Diplomacy (by Ji Suying)"]—XINHUA headline]

[Text] Beijing, December 23 (XINHUA)—With Mikhail Gorbachev as director and star, the Kremlin staged a dynamic diplomatic show in 1988, with noticeable results in its dealings with the United States, Western Europe, and the Asia-Pacific region.

Analysts here note that the Kremlin has realized its goal of smiling diplomacy under Gorbachev's "new thinking," despite troubles in its domestic reform and inter-ethnic relations.

The Kremlin's first step this year, taken soon after the signing last December of the treaty eliminating Soviet-U.S. Intermediate-range Nuclear Forces (INF), was its decision to withdraw its troops from Afghanistan.

In April in Geneva, Moscow agreed with the U.S., Pakistan, and the Kabul regime on a political settlement of the Afghan issue, under which the Soviets were required to pull out of the Asian country in 9 months, starting May 15.

The accord was acclaimed as having set a good example in seeking peaceful solutions to conflicts in other parts of the world.

Six weeks later, Gorbachev met with U.S. President Ronald Reagan in Moscow for a fourth summit in less than 3 years. Though not much concrete progress was

made during Moscow talks on "Star Wars" and other thorny issues, both leaders expressed willingness to maintain the "momentum of dialogue."

While Gorbachev and Reagan exchanged ratifications on the INF Treaty, foreign ministers Eduard Shevardnadze and George Shultz signed cooperation agreements in economy, trade, science, and technology.

The two countries plan to raise their trade volume within a few years to 10-15 billion U.S. dollars from 2 billion dollars now.

Analysts say that the two superpowers have begun a period of political dialogue and economic cooperation, leaving behind the period of military confrontation.

However, the changes may lead to intensified contest between them in the future, the analysts warn.

As the autumn days began, the Kremlin launched a new round of diplomatic offensives by dishing up a new "proposal on peace and cooperation in the Asian and Pacific region."

During a trip to the southeastern Siberian city of Krasnoyarsk in mid-September, Gorbachev offered to give up a major naval base in Vietnam if the United States would abandon its military bases in the Philippines.

The Kremlin leader also declared that his country wants full normalization of relations with China and is prepared to establish trade and economic ties with South Korea.

While trying to improve its image in the Asian and Pacific region, the Soviet Union seeks money and technology from Asian and Pacific countries to speed up its Siberian development, a major item in Soviet economic growth.

India remains the Soviet Union's closest friend in Asia. Gorbachev arrived in New Delhi on November 17 to sign cooperation agreements. He told Indian leaders that Soviet-Indian relations would not be hurt by the normalization of ties between Moscow and Beijing.

Chinese Foreign Minister Qian Qichen paid a visit to Moscow in early December, the first such trip in 31 years, to prepare for a 1989 Sino-Soviet summit.

As part of the Kremlin's Asian and Pacific diplomacy, Shevardnadze began an Asian tour last week in a bid to improve relations with Japan and the Philippines and expand economic and technological ties.

Meanwhile, the Kremlin has opened its door more widely to Western Europe, which has continuing disputes with the Soviet Union on disarmament, particularly in Europe.

From mid-October to late November, Gorbachev played host to visiting Austrian Federal Chancellor Franz Vranitzky, Italian Prime Minister Ciriaco de Mita, Federal German Chancellor Helmut Kohl, and French President Francois Mitterrand.

The European leaders discussed with Gorbachev issues like arms cuts in Europe and cooperation and they promised to provide the Soviets with loans totaling about 6.42 million U.S. dollars. Many Western businessmen show interest in entering into joint ventures with the Soviet Union.

The climax of the Kremlin's diplomacy in 1988 was undoubtedly Gorbachev's speech in New York on December 7, the first UN General Assembly address by a Soviet leader since Nikita Khrushchev's in 1960 caused a worldwide sensation.

Gorbachev announced at the UN Headquarters a unilateral cut of 500,000 troops, 10,000 tanks, 8,500 artillery pieces, and 800 war planes from the Soviet Armed Forces.

The announcement was described as Gorbachev's Christmas gift to Reagan and President-elect George Bush.

During a mini-summit between Bush, Reagan, and Gorbachev the same day, the three leaders agreed to continue efforts to improve U.S.-Soviet relations.

The Kremlin's flexible diplomacy had a recent demonstration. Soon after the December 7 earthquake in Soviet Armenia, the Kremlin agreed to accept aid from all parts of the world, particularly from the West. This was in contrast with its rejection 2 years ago of all foreign aid after the Chernobyl Nuclear Plant accident caused enormous losses to the Soviet Union.

The Kremlin's dynamic diplomatic show this year is seen as indicating a tendency of Moscow's foreign policy changes, which is helpful to the relaxation of international tension and to the creation of an atmosphere favorable to Gorbachev's economic development program.

Southeast Asia & Pacific

SRV Removes Charges Against PRC, U.S., Japan
OW2712085688 Beijing XINHUA in English
0829 GMT 27 Dec 88

[Text] Hanoi, December 27 (XINHUA)—Vietnam has removed charges against China, the United States, France and Japan in the amended preface to its Constitution, which was issued here today.

In the revised preface, which was formulated in 1980, words such as "Chinese hegemonism" have been deleted and name callings against Japan, France and the United States replaced with "colonialists" and "imperialists."

The Vietnamese National Assembly decided to revise the preface on December 22, which represents what observers here believed a diplomatic posture to ease hostilities with Japan, France, the United States and China.

Commentary Views Cambodian-Vietnamese Conflict
OW2412113888 Beijing XINHUA in English
0900 GMT 24 Dec 88

["Commentary: Dawn Has Come for Political Solution to Kampuchean Conflict" (by Yang Mu)—XINHUA headline]

[Text] Beijing, December 24 (XINHUA)—The Vietnamese invasion of Kampuchea and the war of resistance that still rages is 10 years old on Sunday [25 December]. It is a war of military force, diplomatic efforts and public opinion.

On the battlefield, the 10 years of fighting have resulted in a deadlock.

On the political and diplomatic fronts, the Vietnamese find scant support for their unjust cause and have been condemned at the United Nations rostrum. The international prestige of Samdech Norodom Sihanouk and the three factions of the coalition government of Democratic Kampuchea increases day by day. Although Vietnam's propaganda sometimes wins some success in world public opinion, it has been unable to cover up the nature of the Vietnamese aggression.

History is a solemn and just judge. The 10-year war has sounded an alarm to Vietnam that aggressors should wake up. The pipe dream of annexing a weak neighboring nation by military means will never become a reality. It is impossible to control Kampuchea with a political press and menace when that control cannot be won on the battlefield. The only and most realizable and graceful choice for Vietnam is to sit at the negotiations table to accept a just and reasonable political solution to the Kampuchean issue.

In the past ten years, Vietnam has undergone two stages in Kampuchea: From the end of 1978 to 1985, Vietnam was unwilling to accept a political solution to the problem. Its policy consisted of military offensives accompanied by political and diplomatic lure and pressure on the Kampuchean resistance. Vietnam's initial plan was to annex Kampuchea by fighting a quick war to force a quick decision. However, it met with strong resistance from the anti-Vietnamese Kampuchean armed forces. The result: a protracted war.

Vietnam's military offensive reached a climax during the seventh dry season attack from November 1984 to March 1985. During this period, Vietnamese soldiers took over most of the Kampuchean-Thai border area bases of the Kampuchean coalition government. The Vietnamese hailed it as a "great victory". But it was exactly this setback that forced the resistance to fight inside Kampuchea. The tripartite resistance forces became stronger as the fighting continued and the war then reached a stalemate.

After the 1985-86 dry season, Vietnam began to maintain a weak offensive because of its military failure, internal economic problems and increasing international pressure. The Vietnamese had to change their strategy and rely mainly on diplomatic and political fights while still maintaining a military offensive. They then were forced to consider a political settlement.

As the world climate of confrontation and tension changed to dialogue and detente, and the "hot spots" cooled down, Vietnam has had to agree to involve itself in the search for a political solution to the Kampuchean problem. It has been forced to admit the existence of the Kampuchean issue and to make a 180-degree turn from its stubborn denial of the existence of the problem. Claiming itself to be an "outsider," Vietnam had to sit down with the resistance forces at the negotiations table and participate in last July's informal meeting on the Kampuchean issue in Jakarta, Indonesia.

However, Vietnam lacks sincerity in seeking a just and reasonable solution. It still maintains a policy of regional hegemonism. On one hand, it tries to shake off the war dilemma. On the other, it wants to keep its vested interest. The world community expects Vietnam to move towards the dawn of peace instead of covering it with clouds.

Since the formation of the Democratic Kampuchean coalition government on June 22, 1982, the tripartite resistance forces have been holding high the banner of political settlement, while also resisting the Vietnamese aggressors on the battlefield. On March 17, 1986, the coalition government put forward an "eight-point proposal" that was hailed by the international community as a fair and reasonable political solution to the Kampuchean issue.

Recently the three resistance factions unanimously supported a "five-point plan" raised by Samdech Norodom Sihanouk. All this indicates that Sihanouk and the coalition government are sincere in looking for a political solution and has made some necessary compromises in the national interests.

This year witnessed remarkable change in the world with political settlements in several regional conflicts. This favorable trend is irresistible.

Vietnam is the main obstacle to a political solution to the Kampuchean issue. With high vigilance and expectation, the world community appeals to the Vietnamese Government to face the reality that the time has come for a political settlement of the Kampuchean problem. After ten bloody years of fighting, the Kampuchean people and the resistance forces have at last seen the dawn of a political solution.

The Vietnamese Government should size up the situation: the economy of the ASEAN (Association of South-east Asian Nations) countries are undergoing rapid development while Vietnam, though rich in soil and water resources, is beset with poverty and backwardness because of its self-imposed isolation and war-like policy. Vietnam's persistence in invading Kampuchea invites destruction on itself in the end. If it really wants to get rid of the awkward situation in Kampuchea, and not lose dignity, only sincerity will work in the search for a political settlement.

Vietnam should withdraw all of its invasion forces from Kampuchea under effective international supervision according to a timetable acceptable to all sides concerned. And then Vietnam should agree to form a quadruple government headed by Sihanouk. The international community will never accept any political program designed to prop up the Heng Samrin regime as the mainstream in future Kampuchean coalition government.

Report on CGDK News Communiqué on Talks
OW2312192288 Beijing XINHUA in English
1851 GMT 23 Dec 88

[Text] Bangkok, December 23 (XINHUA)—The Coalition Government of Democratic Kampuchea (CGDK) stated here today that the Jakarta Informal Meeting on Kampuchean problem (second) be postponed to a later stage, according to a press communiqué of CGDK issued after a meeting of the Council of Ministers of the CGDK today.

The communiqué noted that "in view of the fact that through the recent meeting in Paris the other side has indicated no sign of flexibility for the settlement of the problem of Kampuchea, the CGDK would like that the Jakarta Informal Meeting (JIM) be postponed to a later stage."

The meeting of the Council of Ministers of the CGDK was held under the chairmanship of Son Sann, prime minister of the CGDK today. Khieu Samphan, vice president of Democratic Kampuchea in charge of foreign affairs, Prince Norodom Ranariddh, the personal representative of Norodom Sihanouk in Kampuchea and Asia and other ministers of Democratic Kampuchea were present at the meeting.

The communiqué, signed by Son Sann, Khieu Samphan and Prince Norodom Ranariddh, said the CGDK expresses its full support to the 5-point peace plan of Samdech Norodom Sihanouk spelled out again on 27 November 1988.

The CGDK Council of Ministers calls on the friendly countries and international community at large to support that 5-point plan of Norodom Sihanouk which "is reasonable and equitable and in very generous terms to the other side", the communiqué said. "To solve the problem of Kampuchea according to that 5-point peace plan will bring durable peace to Kampuchea and ensure peace, security and stability of the region," it said.

The Council of Ministers made a comprehensive assessment of the situation of the national liberation struggle and took a number of decisions pertaining to measures to enhance and develop the cooperation among the three forces of the CGDK, the communiqué said.

The council also reviewed the efforts in the search for a political solution to the problem of Kampuchea. It reiterated the willingness of the CGDK to arrive at a political solution as soon as possible.

The council also called on the peace-and-justice-loving countries to continue to provide supports to the CGDK until the complete independence of Kampuchea.

Near East & South Asia

Ambassador to U.S. on Saudi Arabian Relations
HK2312144888 Beijing ZHONGGUO XINWEN SHE
in Chinese 1308 GMT 23 Dec 88

[Report by Xie Yining (6200 0001 1337): "Han Xu Answers Questions Raised by Reporter on Development of Friendly Relations Between China, Saudi Arabia"—ZHONGGUO XINWEN SHE headline]

[Text] Washington, 22 Dec (ZHONGGUO XINWEN SHE)—Han Xu, Chinese ambassador to the United States, said: The establishment of commercial representative offices in each other's territory by China and Saudi Arabia is an important indicator of the positive and steady development of friendship and cooperation between the two countries. The purpose of all this is to achieve the normalization of their relations.

China and Saudi Arabia announced on 11 November that the two countries will establish commercial representative offices in each other's territory. Saudi Arabia is one of the 23 countries in the world which still maintains "diplomatic relations" with Taiwan. Han Xu, who signed the memorandum on the establishment of commercial representative offices in each other's territory on China's behalf, said the above in answering the questions raised by an AL-RYADH reporter today.

Han Xu said: The Chinese Government is happy with the steady development of the friendship and cooperation between China and Saudi Arabia in the trade, political and other fields over the past few years. It thinks that there is a solid foundation for the development of friendship and cooperation between the two countries and that this is in the fundamental interest of their peoples and beneficial to world peace and stability. It hopes that by making joint efforts, the two countries can make the relations between China and Saudi Arabia a model of friendship and cooperation between countries with different social systems and beliefs.

Han Xu added: China supports and hopes for an early international conference attended by the relevant Middle East parties, including the Palestinian State, under UN auspices. China is willing to make its due contributions in this regard and eagerly endorses all suggestions and proposals that can help bring about this conference. China is glad that over 70 countries now recognize the Palestinian state. This shows that the Palestinian people's just cause is winning much support.

India's Prime Minister Gandhi Concludes Visit

Shanghai Mayor Holds Banquet
OW2412174688 Shanghai City Service in Mandarin
2300 GMT 23 Dec 88

[Excerpts] Shanghai Mayor Zhu Rongji held a banquet in honor of Indian Prime Minister and Mrs Rajiv Gandhi at Shanghai's (Yingbin) Guesthouse at noon yesterday.

Mayor Zhu Rongji first drank a toast to the guests at the banquet. He warmly welcomed Prime Minister and Mrs Rajiv Gandhi on behalf of the Shanghai municipal government and people. He said: Prime Minister Rajiv Gandhi's visit to China is a major event in Sino-Indian relations. It will inevitably play an active role in the development of Sino-Indian relations. When Prime Minister Nehru visited China 34 years ago, he also came to Shanghai. Today, we feel very glad about and greatly honored by Prime Minister and Mrs Rajiv Gandhi's gracious presence here. We believe economic as well as trade cooperation and exchange between Shanghai and India will continue to develop in the wake of Prime Minister Rajiv Gandhi's visit.

Prime Minister Rajiv Gandhi expressed his heartfelt gratitude for the treatment accorded by Shanghai. He said: My visit is very beneficial to developing relations between the two countries. This is a foundation for a new beginning between us. We should reestablish traditional Sino-Indian friendship based on this foundation. He hope relations between Shanghai and various Indian cities will develop.

Prime Minister and Mrs Rajiv Gandhi arrived in Shanghai from Xian yesterday morning by special plane. Mayor and Mrs Zhu Rongji greeted them at the airport. [passage omitted]

Indian Prime Minister and Mrs Rajiv Gandhi concluded their China visit yesterday afternoon and left Shanghai for home by special plane. Qi Yuanjing, chairman of the Chinese Government reception committee and minister of metallurgical industry, and Shanghai Mayor Zhu Rongji saw them off at the airport. Qi Yuanjing conveyed Premier Li Peng's telephone greetings to Prime Minister and Mrs Rajiv Gandhi before they left.

Visits Xian 22 Dec

HK2712114488 Beijing ZHONGGUO XINWEN SHE
in Chinese 0946 GMT 23 Dec 88

[Report by ZHONGGUO XINWEN SHE reporter Liu Rongqing (0491 2837 1987): "Here, I See A Real History—Notes on Indian Prime Minister Rajiv Gandhi's Visit to Xian"]

[Text] Xian, 23 Dec (ZHONGGUO XINWEN SHE)—Early this morning, Indian Prime Minister Rajiv Gandhi left Xian to travel southward to continue his visit in the PRC. Before leaving Xian, Rajiv Gandhi praised Xian as the "site of great civilization." The Indian prime minister also told Shaanxi Governor Hou Zongbin: "Here, I have seen a real history. Xian used to be a place characterized by both the great Chinese civilization and the great Indian civilization thousands of years ago. Xian has told us that China and India, both of which are developing countries, should not only endeavor to modernize their respective industries but should also try to accept the essence of the world culture, that is, the various new ideas in the world."

"The Weather of Xian Will Be Fine After a While"

Yesterday morning, the ancient city of Xian was shrouded in mist and cloud. The visibility at the Xian Airport was only 500 meters. According to the original plan, Indian Prime Minister Rajiv Gandhi and his wife were scheduled to arrive at Xian Airport at 12:00 at noon. However, the two airplanes carrying Rajiv Gandhi and his wife did not arrive at Xian Airport until 2:30 in the afternoon. Soon, the tall and handsome Rajiv Gandhi and his wife stepped out of their cabin. Accompanying them were Chinese Metallurgical Industry Minister Qi Yuanjing, who is also the head of the Chinese delegation accompanying Rajiv Gandhi. Qi Yuanjing told our ZHONGGUO XINWEN SHE reporters that in Beijing, he had suggested that Rajiv Gandhi change his flight route, visit Shanghai first, and then fly to Xian. However, Rajiv Gandhi still insisted on visiting Xian first and said: "The weather of Xian will be fine after a while." At noon time, the visibility of the Xian Airport increased to 800 meters. So there was no more problem for airplanes to take off and land at the Xian Airport. On its way from the Xian Airport to various scenic spots in Xian, Rajiv Gandhi's motorcade was warmly greeted by the citizens of Xian, who waved their hands to the motorcade whenever they saw it. Seeing this, Rajiv

Gandhi said: "I am very grateful to the citizens of Xian. They welcome me on both sides of the street because I have brought the friendship and goodwill of the Indian people to China."

"I Will Climb Up the Dayan Tower"

Accompanied by Xu Ligong, president of the Shaanxi Provincial Buddhist Association, Indian Prime Minister Rajiv Gandhi entered the Dayan Tower which was built in the Tang Dynasty. Xu Ligong told the Indian Prime Minister: "When the Dayan Tower was first built in the 3d Yonghui Year (A.D. 652) of Emperor Gao Zong of Tang Dynasty, it was only a five-story tower. During Empress Wu Zetian's stay in Changan, the Dayan Tower was built into a seven-storey tower which was 64 meters high and has remained so to this day. There are altogether 248 steps on the wooden staircase leading from the bottom of the Dayan Tower to the top of the Dayan Tower. Xu Ligong asked: "Is Your Excellency interested in climbing up the Dayan Tower?" Rajiv Gandhi smiled and said: "I don't know whether others are interested in climbing up the Dayan Tower or not. As far as I am concerned, I will surely climb up the Dayan Tower." While saying so, Rajiv Gandhi began climbing up the Dayan Tower. On the second floor of the Dayan Tower, Rajiv Gandhi looked down at the entire city from the northern gate of the tower, then looked at the bronze statue of the Merciful Buddha, and walked toward the southern gate of the Dayan Tower to look down at the ruins of the Tangqujiang and captured a distant view of the Zhongnan Mountain.

In the Right Hall of Cien Temple, Rajiv Gandhi saw 600 volumes of the cloth-bound Chinese translation of the Buddhist Scripture which Tang Xuanzhuang brought back from India in the ancient times. Xu Ligong presented Rajiv Gandhi with one set of cloth-bound "Wu Gou Scripture" and one set of cloth-bound "Ben Shi Scripture," both of which were translated by Tang Xuanzhuang and published in the Ming Dynasty. Rajiv Gandhi said to Xu Ligong: "It is wonderful that such precious Buddhist documents have been preserved so well in the Cien Temple where Tang Xuanzhuang translated the Buddhist Scripture. This shows that you have attached great importance to Chinese culture, Indian culture, and the links between the Chinese culture and the Indian culture."

"The Testimony of Cultural Intercourse Between China and India"

In the stone inscription exhibition hall, Rajiv Gandhi and his wife showed great interest in a stone buddha elephant inscribed in the 5th Huangxing Year (A.D. 471) of the Northern Wei Dynasty. It was a Maitreya elephant with a strong body, broad neck, and waved hair. The Maitreya elephant wore a coat with thickly dotted parallel lines. On the back of the Maitreya elephant were inscribed a number of Buddhist stories which were vivid and harmonious. Wang Renbo, President of the Shaanxi

Provincial Museum, who is also a research fellow, said: "Judging from the clothes and style, the Buddha Maitreya elephant was probably an Indian elephant that came to China from India by the Silk Road. Rajiv Gandhi nodded and said: "The Sino-Indian cultural intercourse has had a long history." In the hall where upright stone tablets were exhibited, Rajiv Gandhi asked Wang Renbo: "What has been recorded on the stone tablet of Buddhist Monk Bukong?" Wang Renbo replied: "The stone tablet of Buddhist Monk Bukong has recorded the biography of the renowned Indian Buddhist Monk Bukong. Buddhist Monk Bukong arrived at Changan, capital of the Tang Dynasty, in A.D. 746. In Changan, Bukong translated 77 Dacheng Buddhist Scriptures which consist of a total of more than 120 volumes. Famous for his virtue and knowledge, Bukong was named as Su Guogong [a prestigious title] by the Emperor of Tang Dynasty and thus enjoyed a high prestige in Changan in those days. Bukong passed away at the age of 70. The Emperor of Tang Dynasty ordered a 3-day suspension of all state business to mourn Bukong. Rajiv Gandhi said: "The upright stone tablet, the stone inscription, and the stone Buddha elephant are the historical testimony of the Sino-Indian cultural intercourse."

"I Am Completely Moved"

At 5:00 in the afternoon, Rajiv Gandhi and his wife arrived at the bottom of the No 1 Pit in which wood figures of warriors and horses were buried together with Emperor Shi Huang of the Chin Dynasty. Rajiv Gandhi and his wife walked for some 20 meters among the wood figures of warriors and horses and then asked: "Is it true that each of these wood figures of warriors and horses has a different facial expression?" "Why is there black carbon inside the pit?" Climbing up the staircase, the Indian prime minister turned back and asked: "Why do the wood figures of warriors and horses in the line to the extreme southwest face outward? Are they security guards?" At the center of the No 1 Pit, Rajiv Gandhi again asked: "The rotten wood figures of warriors and horses which have not yet been repaired are left in their original places, aren't they?" When being shown around the pavement in the north of the No 1 Pit, pointing at a pile of long bricks, Rajiv Gandhi asked: "Are these bricks as same as those used for paving the road at the bottom of the pit? Why are they piled here on the roof beam?" Yuan Zhongyi, president of the Museum of Wood Figures of Warriors and Horses, who is also a research fellow, gave satisfactory answers to all these questions raised by the Indian Prime Minister and his wife. When Rajiv Gandhi was told that the Tongan Cart has a total of 3,462 component parts and was made with the help of more than 10 types of technology, and when seeing that the windows of the Tongan Cart could still be opened and closed and the horse-head chain was still as agile as a watch chain, Rajiv Gandhi said: "It is wonderful that China's ancient bronze technique was so advanced!" He then turned to his wife and said: "Chinese archaeological workers have also done very good repair work!"

Before leaving the No 1 Pit, Rajiv Gandhi wrote in the visitors' book: "I have visited the site of great historical civilization. I am completely moved!"

Shaanxi Governor Hosts Banquet
*HK2712045888 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 23 Dec 88*

[Excerpts] Rajiv Gandhi, prime minister of the Republic of India, has arrived in Shaanxi for a visit. Governor Hou Zongbin has hosted a banquet in honor of the Indian guest.

Prime Minister Rajiv Gandhi and his entourage arrived in Xian from Beijing at noon yesterday. When Prime Minister Rajiv Gandhi and his wife descended from the special plane, Governor Hou Zongbin and his wife, (Yang Xiandi), Xian Mayor Yuan Zhengzhong, and director of the provincial External Affairs Office (Zhang Jingwen) stepped forward to enthusiastically shake hands with Gandhi and his wife. Then Young Pioneers presented bouquets of flowers to the guests. [passage omitted]

On the evening of the Indian guests' arrival, Governor Hou Zongbin hosted a welcoming banquet in honor of Prime Minister Rajiv Gandhi and his entourage. In a warm and friendly atmosphere, Governor Hou took the lead in proposing a toast. He said: Sino-Indian friendship dates back to ancient times. Your Excellency's current visit is bound to result in the further development of Sino-Indian friendship.

In reply to the governor's toast, Prime Minister Rajiv Gandhi enthusiastically expressed his admiration of the historical civilization of Xian City, showed his thanks for the host's warm entertainment, and wished for more friendly ties between China and India.

During the banquet the Indian guests watched a performance by the provincial song and dance troupe.

Prime Minister Rajiv Gandhi and his entourage will leave Xian today for Shanghai.

Communique Issued
*HK2612104888 Beijing CHINA DAILY in English
24 Dec 88 p 1*

[By staff reporter Guo Zhongshi]

[Text] China and India have a common desire to restore and develop good-neighbourly relations, a joint press communique issued by the two governments said yesterday.

The communique, issued at the end of Indian Prime Minister Rajiv Gandhi's official visit to China, said friendly Sino-Indian relations not only "conforms to the fundamental interests of the two peoples, but will actively contribute to peace and stability in Asia and the world as a whole."

During his five-day visit, Gandhi had talks with senior Chinese leaders.

The two countries signed three accords on cultural, scientific and technological co-operation as well as a civil air transport agreement.

Both sides said the Sino-Indian boundary question should be settled through peaceful and friendly consultations. The communique said a joint working group would be established to deal with the question.

The two sides also agreed to develop relations in other fields and to set up a joint group on economic relations and trade and science and technology.

The Chinese side expressed concern over anti-China activities by Tibetan elements in India.

The Indian side reiterated its recognition of Tibet as an autonomous region of China and said that anti-China political activities by Tibetan elements are not permitted on Indian soil.

The two sides felt there was vast scope for co-operation and exchanges in the future.

With regard to the international situation, the two sides felt confrontation and tension were giving way to dialogue and detente. The trend is conducive to world peace and to the settlement of regional problems, they said.

Gandhi invited Chinese Premier Li Peng to visit India when convenient and Li accepted with pleasure.

Meanwhile the National Herald of India yesterday said the outcome of the India-China summit talks marks a substantial turning point in bilateral relations, according to XINHUA report.

The newspaper founded by the late Indian leader Jawaharlal Nehru said in its editorial that the summit has concluded on a positive and significant note with a promise to usher in a new era of mutual understanding and peace between the two great Asian neighbours.

It said the two sides got down to their task in Beijing with a sense of understanding and accommodation backed by a resolve not to allow the problems of the past to hinder future prospects for peaceful coexistence.

Gandhi Calls Visit 'Very Good'
OW2312171788 Beijing XINHUA in English
1656 GMT 23 Dec 88

[Text] New Delhi, December 23 (XINHUA)—Indian Prime Minister Rajiv Gandhi said here today that India and China can work together for a new world order based on panchasheela (five principles of peaceful coexistence).

Speaking at a press conference on his return from China at Delhi Airport this evening, the prime minister said what impressed him most in China was Deng Xiaoping's mentioning of building up a new world order based on panchasheela. For this, India and China can cooperate, he said.

Asked by XINHUA how he assessed the outcome of the visit, the prime minister said the talks with the Chinese leaders were "very good." His five-day official visit to China was a new beginning for developing relations with China, he stressed.

Gandhi was accompanied by his wife Sonia Gandhi and a high-level delegation.

His visit was the first by an Indian prime minister in 34 years. The late Prime Minister Jawaharlal Nehru, Rajiv Gandhi's grandfather, visited China in 1954.

WEN WEI PO Editorial
HK2612072488 Hong Kong WEN WEI PO in Chinese
26 Dec 88 p 2

[Editorial: "A New Trend in Sino-Indian Relations"]

[Text] Upon the conclusion of Indian Prime Minister Rajiv Gandhi's visit to China, China and India issued a joint news communique that stresses that "both sides are satisfied with the relevant agreement reached between the two countries" and that "they can learn from each other in wide-ranging fields." Both sides maintain that "resuming, improving, and developing good-neighborly and friendly relations between China and India conforms with the basic interests of the peoples of the two countries and will also produce positive effects on peace and stability in Asia and the rest of the world."

Both sides adopted some detailed measures, including forming a joint work team in charge of the border issue and another joint work group on economic, trade, scientific, and technological exchanges. India will not allow any Tibetan to conduct any political activity in India against China.

There are three reasons Sino-Indian relations have remained at a low ebb for a long time: 1) The Dalai Lama, exiled in India, keeps carrying out anti-China and

splittist activities; 2) There is a border dispute between the two countries; and 3) The two countries have differences of opinion on relations with Afghanistan and Pakistan.

India maintains good relations with the Soviet Union and sides with it on the Afghan issue, whereas China and Pakistan support an antiaggressive stand.

Without a turn for the better in Sino-Soviet relations, there can be no promising development in Sino-Indian relations. Since China and the Soviet Union began to speed up the normalization of their relations, efforts have been made to gradually remove the three obstacles, and news has been spread that China and the Soviet Union will hold a summit meeting next year. Thus, Sino-Indian relations are gradually warming up.

The five principles of peaceful coexistence have become an important impetus for relaxation in the world today. As the initiators of the five principles of peaceful coexistence, China and India should have been able to establish good-neighborly relations. But due to various reasons known to all, such relations have not been established for the last 20 odd years.

Rajiv Gandhi's China visit has brought Sino-Indian relations to a new period. Both sides expressed their willingness not to mention the past, but to look forward. However, the border issue must be solved while looking forward. A joint work team will be formed to discuss the demarcation of their border. This will involve the McMahon line, a border line signed between the British imperialists and the then Tibetan local authorities. Logically speaking, this border is illegal. Even the Qing Dynasty refused to recognize it. However, since both sides have expressed their willingness not to mention the past, they will not haggle over this, but will instead enter into negotiations and make rational adjustments on the basis of the border line under actual control and mutual accommodation. During their border talks, they will create an excellent atmosphere and prevent the emergence of irrelevant side issues. Both sides will also take the necessary measures to maintain tranquility on the Sino-Indian border.

India promised not to interfere in China's internal affairs and not to permit any anti-China activity in India. This is a friendly attitude. As a matter of fact, supporting Tibet's independence will never succeed, but will instead add to India's burden. This is not good for India. But in a friendly atmosphere China and India can carry out wide-ranging cooperation. The Dalai Lama should make a choice and coolly consider his future.

China and India have many similarities: Their populations are large, they are not rich in their per capita resources, and their cultural education is backward. But their social systems are different. Both sides can learn from each other and absorb each other's strong points in a wide range of fields.

If through reform China can preserve the strong points of socialism and discard its weak points, and can absorb the strong points of capitalism and get rid of its shortcomings, it will certainly make a breakthrough in human civilization. What India has gained and lost in introducing Western politics and economy is worthy to be taken for reference by China.

Indian Party Hails Gandhi's Visit

OW2712080688 Beijing XINHUA in English
0728 GMT 27 Dec 88

[Text] New Delhi, Dec 27 (XINHUA)—India's ruling Congress (I) party has hailed in a resolution the recent Sino-Indian summit as "a major contribution to the building of a new world political order based on the five principles of peaceful coexistence, THE "NATIONAL HERALD" reported today.

Prime Minister Rajiv Gandhi, by visiting China, has given a decisive momentum to the process of renewal and strengthening of the relationship, the Congress (I) Working Committee (CWC) said in the resolution adopted at its meeting on Monday [26 December].

At the meeting, Gandhi, who is also the Congress (I) party president, gave a detailed report on his recent China visit, including the discussions held at different levels and his assessment of the significance of the trip.

The resolution said that the discussions between the Indian prime minister and the Chinese leadership have given a new fillip to bilateral cooperation in the fields of trade, economic cooperation, science and technology, culture, civil aviation and other areas.

It described the decision taken at the Beijing talks to set up the joint working group as most significant and hoped that it would go a long way towards solving the dispute and keeping the border free from tensions.

The committee urged the government to speed up the process of establishing the joint working group which will work for the solution of the border question.

The resolution stressed that the outcome of this visit was a vindication of the five principles of peaceful coexistence enunciated by Jawaharlal Nehru and Zhou Enlai in 1954.

Trade With India Experiences Steady Growth

HK2312115788 Beijing CEI Database in English
23 Dec 88

[Text] Beijing (CEI)—Sino-Indian foreign trade volume is growing steadily, according to an official from the Ministry of Foreign Economic Relations and Trade.

In the January-October period this year, the official said, bilateral import and export trade volume reached 188 million U.S. dollars. China's export volume amounted to

116 million U.S. dollars and import volume, 71 million U.S. dollars in the period, a 62.28 and 223.21 percent increase respectively over the same period last year.

The friendly visits and commodity exchanges between the two countries have also increased in the past few years, he said, adding that about 28 Chinese delegations totalling 131 people visited India and 241 Indian businessmen visited China in 1987.

The export commodities to India include raw silk, chemical products, machinery equipment, pig iron, light industrial products and handicrafts. India mainly exported iron and chromium ore, coffee, tobacco leaf and artificial silk to China.

Sub-Saharan Africa

African, Chinese Students 'Clash' in Jiangsu

Incidents on 24, 25 Dec

OW2612055088 Beijing XINHUA in English
0035 GMT 26 Dec 88

[Text] Nanjing, December 26 (XINHUA)—Local authorities in Nanjing City, east China, are carefully handling a conflict between a group of African and Chinese students which took place in the evening of December 24.

That night, two African students studying at the Hehai University wanted to take two Chinese young women to their dance in the campus. The university door keepers asked them to show their I.D. cards and have their guests registered.

Many Chinese schools have similar regulations for security reasons, which are applicable to both Chinese and foreign students.

But the two African students refused to do so. Meanwhile another five African students forced the door open and pushed the door men. Using iron sticks, bottles and rocks, some African students attacked university employees who came to the spot to maintain order, and Chinese teachers and students who just went by. A clash thus took place between the African and Chinese students.

During the clash, 11 university employees were injured, including one seriously injured. Two African students were also slightly injured.

After the incident, the Jiangsu provincial and Nanjing municipal officials rushed to the spot and, together with the school authorities, tried to persuade both sides to calm down. The tumult subsided until early the next morning.

But in the afternoon of December 25, a group of Chinese students at the university gathered and insisted on punishing the African students who conducted beating. Later that afternoon, some 70 African students at the university left the school and went to the local railway station, demanding of going to Beijing. At the same time, some Chinese students from the university and other local colleges walked onto the street, shouting "punish assailants." But later they returned to school after local officials' persuasion.

In the railway station, officials from the city tried to prevent both sides from having further conflicts. Local police have taken measures to protect the African students.

Local officials said that by now some african students have returned to the university. The railway station is quiet at the moment.

Demonstration Staged

HK2712031088 Beijing ZHONGGUO XINWEN SHE
in Chinese 1441 GMT 26 Dec 88

["Some University and College Students in Nanjing Go Into the Streets to Stage a Demonstration, Demanding That the Murderers Be Punished"—ZHONGGUO XINWEN SHE headline]

[Text] Nanjing, 26 Dec (ZHONGGUO XINWEN SHE)—This afternoon, more than 1,000 university and college students from Nanjing's Hehai University and other universities and colleges went into the streets to stage a demonstration. They marched to the front gate of the Jiangsu provincial government office, demanding that the black African students who beat up and injured staff members, teachers, and students from Hehai University be severely punished.

It was reported that starting from 2045 on 24 December, more than 20 black African students from Hehai University started to take 11 Chinese young women to the campus one after another. The university doorkeepers asked them to have their guests register, but they refused to do so, and a clash between the black students and the doorkeepers ensued. An employee of the university who tried to persuade them not to do this was beaten. At about 2200, a black student whistled to call forth about 30 black African students from the university. Carrying such lethal weapons as sticks, knives, bottles, and so on, they rushed out of the foreign students' dormitory and beat up any Chinese they met. Four innocent guests who were living in the university guesthouse were also beaten up and injured. University employee Zhang Jichou was knocked unconscious. He was later rushed to a hospital for emergency treatment. It required 12 stitches to sew up the wound on his head. He was out of danger only after that.

It was also reported that on that evening, more than 10 staff members, teachers, and students of the university were beaten up and injured, including a deputy party secretary. In addition, the black African students also smashed a university guesthouse, Building No 6 on Friend'ship Mountain, and some windows of the office of the president of the university.

This incident triggered off indignation among the Hehai University students. Starting from 1800 on 25 December, students of the university contacted students of Nanjing University, Dongnan University, Nanjing Teachers' University, and so on to stage a demonstration in which more than 3,000 persons took part. While the demonstration was in progress, students shouted slogans such as "severely punish murderers and uphold justice," and so on. Those demonstrators were dismissed at 0000.

This afternoon, students again went into the streets to stage a demonstration. As this report is being sent out, student demonstrators are still gathering in front of the provincial government office. They have urged the government to severely punish the murderers.

Nanjing Authorities Investigate

HK2712043688 Beijing XINHUA in Chinese
1600 GMT 26 Dec 88

["Nanjing Local Government Is Investigating the Case of Conflicts Between Chinese and Foreign Students"]

[Text] Nanjing, 26 Dec (XINHUA)—The relevant department in Nanjing is now investigating a conflict between some African and Chinese students that took place at Hehai University on the evening of 24 December.

An official of the Nanjing City government said here today that this incident would be dealt with according to the law after the investigation is completed.

This afternoon and evening, some more university and college students in Nanjing went into the streets again, demanding that those who used violence be punished.

A group of African students who had gone to the Nanjing Railway Station and demanded to leave for Beijing by train have been persuaded by local officials to go back to their dormitories.

The trouble on the evening of 24 December started when an argument erupted between two African students studying at Hehai University and some doorkeepers. The students tried to enter the school with two young Chinese women and refused to register before entering when asked to by the doorkeepers, as this is required by school regulations. During the conflict, 11 college employees were injured, while the two African students were only slightly injured.

All universities and colleges in Nanjing resumed classes today, as usual.

African Diplomats Travel to Nanjing
HK2712073588 Hong Kong AFP in English 0715 GMT
27 Dec 88

[Text] Beijing, Dec 27 (AFP)—African diplomats left Beijing for Nanjing on Tuesday to investigate racial tension sparked by a weekend riot between African and Chinese students there.

An official in the eastern Chinese city denied rumors that one of 13 people hurt in a clash Saturday at Hehai University had died of his injuries in hospital.

Some 5,000 Chinese students, believing the rumor, took to Nanjing's streets Monday [26 December] night, blocking traffic and shouting slogans demanding that Africans be punished for the purported death, witnesses said.

Workers and peasants joined the march, one Westerner in Nanjing said.

"No one has died," said a spokesman for the Jiangsu provincial government contacted by telephone. He specifically denied that a professor had died in hospital.

Western students at two of Nanjing's several universities and institutes, reached by telephone from Beijing, said the situation Tuesday seemed calm but tense. "Incidents could happen again at any moment," one of them said.

There was no immediate word on the whereabouts of several dozen African students taken by police to a local hotel late Monday to spend the night after they had tried to board a train to Beijing.

One Western student at the scene said Monday the hotel was ringed by police to prevent Chinese attacking it.

A delegation of about 15 African diplomats, including several ambassadors, left Beijing early Tuesday by plane to investigate the situation there, accompanied by an official from the Chinese Foreign Ministry.

They said they were unaware of details of the violence in Nanjing. One said he had heard that an African, not a Chinese, had died.

While the diplomats checked in for their flight, a clerk for the Civil Aviation Administration of China (CAAC) refused to sell tickets to two Western journalists trying to go to Nanjing.

"There are no more seats.... There has been trouble in Nanjing," he said.

The official NEW CHINA NEWS AGENCY (NCNA) said Monday that 11 Hehai University employees had been hurt when Chinese students battled African counterparts at the foreign students' dormitory Saturday night.

Two African students were slightly injured, it added. Western students and teachers said the building was sacked.

The incident was touched off, NCNA said, when two African students refused to show identification to Hehai University's main gate as they tried to enter the campus with two female Chinese companions to attend a Christmas party.

Westerners said that during Saturday's riot about 600 Chinese surrounded a dormitory housing all of Hehai University's 55 African students and attacked the building with stones and other projectiles.

The Africans, who had planned to hold a Christmas party, fought back in kind before police arrived to restore order, Westerners said.

Several thousand Africans study in China under Chinese scholarships, mostly in Beijing. Most say their time here is difficult and lonely with little social contact with Chinese.

In January 1987, some 300 African students marched on Beijing's diplomatic quarter to protest both a bogus anti-African letter sent out in the name of the All-China Students Association and an incident in which they said an African student was beaten by police at a top-class hotel.

In May 1986 several dozen African students were besieged in a cafeteria in Tianjin City in northeast China by angry Chinese students, some of whom threw bottles. Each side blamed the other for starting the incident.

Spokesman Views Namibian Political Settlement
OW2312130088 Beijing XINHUA in English
1237 GMT 23 Dec 88

[Text] Beijing, December 23 (XINHUA)—A Chinese Foreign Ministry spokesman today expressed satisfaction and appreciation on the official signing by Angola, Cuba and South Africa of the agreements on the political settlement of their problems of southwest Africa.

The agreements were officially signed by the three sides in New York yesterday.

In response to correspondents for his comments on the event, the spokesman described it as "an important step toward peace" in the region and said it is "in keeping with the tide of our era and the popular will of this region."

"We hope that all the parties concerned will implement the agreements in earnest so as to ensure the sovereignty and security of Angola and other southern African countries and the realization, as scheduled, of the independence of Namibia," the spokesman said.

"And we once again call on the South African authorities to abolish the apartheid system thoroughly so as to achieve peace and stability in the untire region of southern Africa," he added.

East Europe

Qian Qichen To Visit SFRY in Early 1989

OW2712015888 Beijing Television Service
in Mandarin 1400 GMT 23 Dec 88

[Text] According to a XINHUA report, (Vayiger), a spokesman of the Federal Secretary for Foreign Affairs of Yugoslavia, announced at a news conference yesterday that Chinese Foreign Minister Qian Qichen will pay an official goodwill visit to Yugoslavia early next year at the invitation of Loncar, Yugoslav federal secretary for foreign affairs.

Trade Protocol With Yugoslavia Signed 17 Dec

LD1712223988 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1504 GMT 17 Dec 88

[Text] Beijing, 17 Dec (TANJUG)—A protocol on commodity trade between Yugoslavia and China for the next year was signed in Beijing today. The protocol envisages trade reaching \$320 million. This is \$80 million less than the long-term agreement on economic cooperation between the two countries predicted, but is more suitable to the real conditions.

Djordje Hadzi-Mihailovic, assistant foreign secretary for foreign trade, and Wang Pingqing, vice minister of foreign economic relations and trade, signed the agreement on behalf of Yugoslavia and China respectively.

The two sides had established lists of commodities at the talks. However, since the lists are merely guidelines, the two sides stated that this is just general guidance and that commodities not included on the lists can be exchanged.

The protocol also stresses that the main form of payment will be in convertible currencies and that barter arrangements will be used as an additional form of payment when needed and on the basis of equivalent commodities and as agreed on by both sides.

The two sides are worried about the drastic trade decline of over 35 percent in 1988, and both are of the opinion that this cannot be allowed to continue and that the upword trend from the last year must continue.

Qian Qichen Receives New CSSR Envoy 20 Dec

LD2112142288 Prague Domestic Service in Slovak
1700 GMT 20 Dec 88

[Text] China—Today, Foreign Minister Qian Qichen received in Beijing Eduard Saul, the new Czechoslovak ambassador. During a conversation the Chinese minister stressed that possibilities exist to develop cooperation in all spheres between the two countries, in particular in the economic sphere.

Polish Trade Delegation Visits 13-20 Dec

LD2012233488 Warsaw PAP in English 1525 GMT
20 Dec 88

[Text] Beijing, Dec. 20—A delegation of All-Poland Alliance of Trade Unions (OPZZ) headed by vice-chairman of the organization's main council Wojciech Obarski was visiting China between Dec. 13 and 20.

The Chinese side displayed major interest in the problems of trade unions in Poland, unions' rights, the role of trade union organizations in work establishments while acknowledging that Polish experiences in this field rank right within socialist countries.

Latin America & Caribbean

Cuba's Castro Meets With PRC Envoy 20 Dec

HK2512071288 Beijing RENMIN RIBAO in Chinese
25 Dec 88 p 6

[Report: "Castro Calls on Chinese Embassy"]

[Text] Fidel Castro, president of the Cuban Council of State and Council of Ministers, called on the Chinese Embassy in Cuba by invitation on 20 December. In a friendly atmosphere President Castro exchanged views with Tang Yonggui, Chinese ambassador to Cuba, on the development of friendly and cooperative relations between the two countries. Also present at the meeting was Osmani Cienfuegos, vice president of the Cuban Council of State and Council of Ministers.

Yao Yilin Meets Cuban Economic Delegation
OW2112230788 Beijing XINHUA in English
1457 GMT 21 Dec 88

[Text] Beijing, December 21 (XINHUA)—Chinese Vice-Premier Yao Yilin met with a Cuban economic and trade delegation led by Minister of Foreign Trade Ricardo Cabrisas at the Great Hall of the People here this afternoon.

The Cuban visitors are here to attend a ministerial level meeting of the economic and trade mixed committee which ran from December 16 to 21.

Cabrisas said his delegation was satisfied with the results of the meeting which closed here this afternoon, adding that there is great potential for bilateral economic cooperation and trade.

Cabrisas said that Cuba and China, both developing countries, should help with each other to overcome difficulties cropped up in the course of economic development. He expressed Cuba's willingness to further expand bilateral cooperations for mutual benefit.

Yao said that he was convinced that both sides should find more cooperative channels through the exchange of visits and increased mutual understanding.

At the closing ceremony of the first meeting of the mixed committee this afternoon, Zheng Tuobin, Chinese minister of foreign economic relations and trade, and Cabrisas, signed the 1989 trade protocol between China and Cuba and a memorandum of the first ministerial-level meeting of the economic and trade mixed committee between the Chinese and Cuban governments, on behalf of their respective governments.

Group To Attend Cuban National Day Festivities
OW2612093888 Beijing XINHUA in English
0701 GMT 26 Dec 88

[Text] Beijing, December 26 (XINHUA)—A Chinese Communist Party and government delegation left here today for Cuba to attend the Cuban National Day celebration at the invitation of the Central Committee of the Communist Party of Cuba.

The delegation is led by Hu Ping, member of the Central Committee of the Chinese Communist Party and minister of commerce.

Cuban Vice Minister Visits Tianjin 6 Dec
SK2312072488 Tianjin TIANJIN RIBAO
in Chinese 7 Dec 88 p 4

[Text] On the morning of 6 December, Zhang Zhaoruo, vice mayor of the municipality, received at the guesthouse a Cuban delegation headed by Jose de la Fuente, vice minister of foreign trade of the Republic of Cuba. During the reception, the host and guests held a cordial and friendly talk. Attending the reception were Zhao Shu, vice chairman of the municipal foreign economic and trade commission, and responsible persons from the departments concerned.

During their stay in the municipality, the Cuban guests visited the Tianjin harbor, the municipal economic and technical development zone, and the streets of ancient culture and food. The Cuban delegation will return to Beijing Municipality on the morning of 7 December.

Deng, Zhao, Others Meet Air Force Delegates

OW2512061688 Beijing Domestic Service
in Mandarin 1030 GMT 21 Dec 88

[From the "National Hookup" program]

[Text] Deng Xiaoping, chairman of the Military Commission, and principal leading comrades of the CPC Central Committee met delegates to the seventh party congress of the air force at the Great Hall of the People yesterday.

As soon as the party and state leaders such as Deng Xiaoping, Zhao Ziyang, Yang Shangkun, Li Peng, Qiao Shi, Hu Qili, and Yao Yilin walked in from the north gate of the Great Hall of the People, the audience burst into thunderous applause. Comrade Deng Xiaoping walked into the middle of the delegates and cordially shook hands with them one by one. He congratulated the opening of the party congress of the air force, and had a group photo taken with them to mark the occasion.

The main agenda of the party congress of the air force was to relay and study the guidelines of the enlarged meeting of the Central Military Commission, sum up the major achievements of reform and construction of the air force in the past 5 years, plan out the goals of struggle and principal tasks for the next 5 years, and elect members of a new party committee and commission for discipline inspection.

Also present at the reception were other leading comrades of the Central Military Commission, including Hong Xuezhi, Liu Huaqing, Qin Jiwei, Chi Haotian, Yang Baibing, and Zhao Nanqi; Air Force Commander Wang Hai; and Political Commissar Zhu Guang.

Zhao Presides at CPC Political Bureau Session

OW2412153688 Beijing Domestic Service
in Mandarin 1030 GMT 24 Dec 88

[Text] According to a XINHUA report, the Political Bureau of the CPC Central Committee held its 14th session in Beijing today to discuss the current international situation and China's foreign affairs.

The session held: Right now, transitions and changes are taking place in the world situation. The entire world is moving from confrontation to dialogue and from tension to detente. There may come a new period that is beneficial to maintaining world peace and promoting development. However, we must realize at the same time that the various factors leading to turbulence and tension in the world situation have not yet disappeared. The East-West relations and the South-North relations, namely, peace and development, will remain the two global strategic issues which will affect the development of the international situation.

The session pointed out: As a whole, the changes in the world situation are conducive to China. It is possible for our nation to enjoy a long-term, stable international environment in which China may concentrate its efforts in carrying out reform and developing its four modernizations program. The tide of reform and readjustment in various countries have also provided China a boundless vista to actively develop its activities in foreign affairs, expand economic ties with foreign countries and cooperate with other nations on the basis of mutual benefits.

The session emphatically pointed out: Since the 3d Plenary Session of the 11th CPC Central Committee, China has made major readjustments in its foreign policy, scoring distinct results. Practice has substantiated that the independent foreign policy of peace adopted by our country is correct and that we should continue to implement such a policy. Meanwhile, in order to meet the changes in the situation, we should develop and enrich this independent foreign policy of peace while summing up our experience. We must enthusiastically help develop the international situation in the direction of long-term detente, continue to oppose hegemonism and power politics, and vigorously advocate efforts to establish a new international political order on the basis of the five principles of peaceful coexistence and a new international economic order on the basis of equality and mutual benefit. We must vigorously develop political, economic, and trade relations; scientific and technological cooperation; and cultural ties, and promote non-governmental relations with various countries in the world. We must continue to adhere to our policy of opening to the outside world, and give the task of strengthening economic, scientific, and technological cooperation with foreign countries higher priority in our work regarding foreign affairs.

The session called on comrades in various foreign affairs departments to study assiduously, broaden their views, work harder than ever before, strengthen their centralized and unified leadership, coordinate and support each other, carry out their work in foreign affairs even more actively and flexibly, and score even greater achievements under the new international situation.

Attending the session were 13 members and one alternate member of the Political Bureau of the CPC Central Committee. Four members of the Political Bureau of the CPC Central Committee were absent due to official business. Zhao Ziyang, general secretary of the CPC Central Committee, presided over the session. Responsible persons of various relevant departments attended the session as observers.

World Situation Viewed

OW2412135688 Beijing XINHUA in English
1326 GMT 24 Dec 88

[Text] Beijing, December 24 (XINHUA)—The Political Bureau of the Chinese Communist Party Central Committee holds that the present world situation is conducive to China's reform.

This view came from the Politburo's 14th session held here today to discuss the present world situation and China's foreign affairs.

According to a news release from the session, the Politburo holds that transitions are now taking place in the world situation, that the world is moving from confrontation to dialogue and from tension to detente, and that there may come a new period that is beneficial to maintaining world peace and promoting development.

"However, it should be noted in the meantime that factors leading to turbulence and tension in the world situation have not yet disappeared, and that the East-West and South-North relations, namely, peace and development, will still pose two strategic problems worldwide that will affect the development of world situation," the news release says.

The Politburo believes that the changes in the world situation as a whole are beneficial to China. "It is possible for China to have a long-term, stable international environment in which China can focus its efforts on reform and modernization campaign, and the trend of reform and adjustment in various countries has provided much room for China to expand its diplomatic and economic relations and conduct mutual-beneficial cooperation with other countries."

The release stresses that China has adjusted its foreign policy and obtained remarkable results since the Third Plenary Session of the 11th Central Committee of Chinese Communist Party held in late 1978.

"Facts have proved that China's current independent foreign policy of peace is correct and should be continued.

"At the same time, this policy should be further developed and enriched on the basis of summing up experience so as to suit the changes of the situation."

The Politburo holds that China should work actively to promote the world situation towards long-term detente, continue to oppose hegemony and power politics, advocate a new international political order to be set up on the basis of the five principles of peaceful coexistence and a new international economic order to be based on mutual benefits, and boost political, economic and trade relations, scientific and technological cooperation, cultural exchanges and non-governmental relations with other countries.

China should continue its policy of opening to the outside world and attach greater importance to developing international economic, scientific and technical cooperation in its work of foreign affairs, the Politburo said.

The Politburo calls on people in foreign affairs departments to study harder, widen their field of vision, work more diligently, and strengthen unified leadership and coordination in their work, so that they can work more actively and flexibly in foreign affairs and make greater achievements under the new international situation.

Today's session was chaired by Zhao Ziyang, general secretary of the Chinese Communist Party Central Committee. Attending the session were 13 members and one alternate member of the Politburo, with four members absent on business. Also attending the session were leaders of relevant departments.

Li Peng on Supervision in Anticorruption Fight
OW2412030288 Beijing XINHUA in English
0224 GMT 24 Dec 88

[Text] Beijing, December 24 (XINHUA)—China's administrative supervision should be focused on the fight against corruption, said Chinese Premier Li Peng Friday.

"Emphasis should be placed particularly on the supervision of leading bodies and functionaries in economic and law enforcement departments," he said.

Speaking at a national meeting, the premier attributed the upsurge in corruption to the transitional period China is now in and the country's underdeveloped legal system.

"Corruption has seriously hampered the healthy development of economic construction and caused great dissatisfaction among the people," Li pointed out.

He called on supervisory departments to play their role in eliminating corruption, keeping governmental organs clean and honest, and helping establish a new economic order of socialist commodity economy.

Li stressed that the supervisory work should be based on facts and law, should rely on the masses of the people and should be carried out in co-operation with discipline inspection departments, judicial organs, and economic supervision institutions.

The premier described the reporting of corruption cases by the masses as "a very good system," saying that the masses are enthusiastic in this respect.

Li Peng said informers should be protected and they should be assured that action is taken at all times on the cases they report.

"Serious cases should be publicized so as to warn those contemplating illegal acts," Li said.

He added, "The punishment of one should serve as a warning to a hundred."

CPC Officials Cited

HK2712141488 Beijing XINHUA Hong Kong Service
in Chinese 1106 GMT 27 Dec 88

["The CPC Urges Its Members To Heighten Moral Integrity and Fight Against Corruption"—XINHUA headline]

[Text] Beijing, 27 Dec (XINHUA)—Song Ping, director of the Organization Department of the CPC Central Committee, urged 47 million party members to enhance their moral integrity in the new historical period and stand the test in the current activities of improving the economic environment and rectifying the economic order.

Song Ping put forward this requirement at the national work conference on education for party members which began today. The work conference was jointly held by the Organization Department and the Propaganda Department of the CPC Central Committee according to the instruction of the party central leadership. The purpose of the conference is to study the ways to enhance the quality of party members and strengthen the party's combat effectiveness in light of the needs of the new situation of reform, opening up, and modernization construction.

Wang Renzhi, director of the party's Central Propaganda Department, said at the conference that at present, party and government leading bodies must carry out unremitting struggle against corruption, and must take disciplinary action against a small number of law-breaking and discipline-violating party members who have degenerated into depraved people.

He pointed out that in the course of transition from the old systems to the new ones, because some policies are not well-coordinated and the legal and supervisory systems are not perfect enough, some party members with weak will power who hold power in their hands will face a greater danger of degeneration. Some officials in party and government institutions have reaped private gains by making use of their powers, taken bribes, embezzled public money, engaged in racketeering and profiteering, squandered and wasted public money in a lavish manner. These corrupt phenomena have caused strong resentment among the masses.

He stressed that the party must carry out activities within the scope prescribed by the party constitution, the state Constitution, and other laws. He also required all party members to perform their public duties and abide by the laws honestly, maintain an incorrupt style, and play an exemplary role in fighting against irregularities and law-breaking activities.

He called on communist party members to make contributions to the development of productive forces and the development of the socialist commodity economy and socialist modernization construction, and to exemplarily

implement the state policies. They must not introduce the principle of exchange at equal value to relations between party members inside the party. The party's principles, social morals, and people's personal dignity must not be exchanged for material interests. Selfish departmentalism, decentralism, extreme egoism, and money worship must not be allowed to spread unchecked.

He called on communist party members to maintain the principle of serving the people, carry forward the dedicated spirit of placing public interests and other people's interests above their personal interests, maintain close ties with the masses, and do good things for the masses.

Wang Renzhi said: The mainstream of the party rank and file is healthy and is with combat effectiveness. However, he pointed out, a considerable number of party members have not adapted their mentality and cultural quality to the requirements of modernization construction. Some party members have wavered in their belief in socialism and communism, and have loosened the sense of party discipline. They did not withstand the enticement of money and power and failed to resist the inroads of various incorrect ideas. A very small number of these people have become degenerates.

He stressed that when fighting against the above-mentioned corrupt phenomena, we should also perfect inner-party democracy and enhance the Marxist-Leninist theoretical attainments of leading cadres at all levels.

Li Peng, Others at Financial Work Conference

Wang Bingqian on Retrenchment

HK2512042288 Beijing XINHUA Hong Kong Service
in Chinese 1308 GMT 24 Dec 88

[Report by reporter Chen Ming (7115 6900): "China Will Concentrate Its Financial Resources on Reform and Construction"]

[Text] Beijing, 24 Dec (XINHUA)—Minister of Finance Wang Bingqian said here today: China will readjust its structure of income distribution next year, and properly concentrate its financial resources to guarantee the satisfaction of the demand for reform and construction.

Wang Bingqian added: Through efforts exerted over several years to come, China will try to raise the proportion of state revenue in the national income from about 20 percent this year to about 28 percent, and to gradually increase the proportion of the central revenue in the entire financial revenue to 60 or 70 percent.

He continued: "Increased funds next year will be mainly used for necessary expenditures resulting from price and wage reforms and the development of agriculture, education, science, and so on. Expenditures for other sectors will be maintained at this year's level. Expenditures for some sectors might be reduced."

He stressed: Apart from concentrating extrabudgetary funds in accordance with a certain proportion, next year's financial revenue will be properly increased through such measures as readjusting taxes, checking up on extra incomes of enterprises because of price hikes, and so on.

This minister also pointed out: "The power for tax management should be concentrated. We must persist in levying tax in accordance with law. Reduction and exemption of tax must be reexamined. Financial laws and disciplines must be strictly enforced, and non-ledger funds must be checked upon so that revenue lost can be retrieved."

Wang Bingqian also said: To strengthen the management of extrabudgetary funds, and guide the use of the funds, in the future enterprises and institutes are not allowed to use extrabudgetary funds to recklessly issue bonuses to their workers and staff members, to entertain guests and send gifts, and to blindly carry out duplicate construction projects that run counter to our production policy. In several years to come, no units will be allowed to use the extrabudgetary funds to construct office buildings, large halls and guesthouses, to buy cars and certain luxurious facilities, or to increase the number of government institutes and their working personnel.

Stresses Austerity Measures

OW2512113888 Beijing XINHUA Domestic Service
in Chinese 1434 GMT 24 Dec 88

[By reporter Ding Jianming: "Local Broadcast News Service"]

[Text] Beijing, 24 Dec (XINHUA)—Wang Bingqian, state councillor and finance minister, addressed a national finance work conference today. He called for resolutely implementing austerity measures in striving to curb the demand for money supply and retrench financial expenditures while making relentless efforts to improve economic efficiency, step up collection and management of taxes to increase financial revenues, rationalize the structure of distribution, centralize funds, and strengthen macroeconomic regulation and control so as to reduce financial deficits to a minimum in the next 2 years.

The minister pointed out: China will face a rather serious financial situation in the next 2 years. The budget will be tight not only for the central but also for local governments, and the contradiction between money supply and demand will get more serious. To balance the state budget, we should keep expenditures within the limit of revenues. In mapping out the financial plan for the next 2 years, it is necessary to give top priority to curbing the demand for money supply and retrench expenses. Efforts should be made not only to reduce the total amount of money supply but also restructure expenditures according to the order of importance. Next year's increased

revenues should be used mainly for expenditures connected with price and wage reforms and for necessary expenditures in agriculture, education, and scientific undertakings. Other expenditures should be maintained at or below this year's level.

Calling for intensifying supervision and guidance over extrabudgetary funds, the minister stressed: From now on, local governments and the various departments, enterprises, and institutions will not be allowed to spend extrabudgetary funds for issuing bonuses in cash or in kind to workers and staffs or giving dinners and gifts without approval, or to carry out redundant and unplanned construction. For the next couple of years, they should refrain from building office buildings, auditoriums, and guesthouses, purchasing sedans and certain luxurious equipment, setting up new organizations, and employing additional personnel.

More Funds for Reform Measures

OW2412165088 Beijing XINHUA in English
1553 GMT 24 Dec 88

[Text] Beijing, December 24 (XINHUA)—China will readjust the distribution of incomes and pull more funds into reform measures and key construction projects, Minister of Finance Wang Bingqian said here today.

Wang said that the government will try to raise the proportion of state revenue in the national income from about 20 percent this year to 28 percent next year and to increase the proportion of the central revenue to 60 or 70 percent.

In 1989, he said, increased funds will be used mainly for price and wage reforms and the development of agriculture, education and sciences, while expenditures for other sectors will remain unchanged.

More funds are expected to be raised by increasing taxes and cutting back investment and consumption funds, he said.

Deficits, Inflation Targeted

OW2412165888 Beijing XINHUA in English
1605 GMT 24 Dec 88

[Text] Beijing, December 24 (XINHUA)—China will take measures to minimize financial deficits as part of its effort to battle against inflation in the next two years, Minister of Finance Wang Bingqian said here today.

Wang said that China will strive to enable the deficit in next year at least to be lower than this year's figure and proceed to reduce the deficits to the minimum.

Addressing officials attending an ongoing national financial work conference, Minister Wang said "China is faced with stark financial situation in the next couple of years because of inflation.

In the next two years, he noted, China will first curb the demands for money supply, cut financial expenditure and readjust its structure in a bid to achieve a balance in supply and demand.

To this end, he said, China will tighten control over finance and credits. Otherwise, he added, the "contradiction between demand and supply will be aggravated with growing deficits."

He said the state should resort to a principle of maintaining balance in revenue and expenditure for establishing a solid financial basis.

Nevertheless, China has had financial deficits in the past nine years—the deficit for last year was 8 billion yuan and there is still a deficit this year.

Minister Wang went on to note that deficits in some years were resultant from some measures adopted then to solve problems left over during a decade of cultural revolution between 1966 and 1976, whereas deficits in other years were caused by overheated economy, excessive investment in capital construction projects and swell [as received] consumption.

To cope with the situation, he said the government will tighten its control over the central budgets and local budgets, which cannot be exceeded.

The minister also calls for stepping up the pace for legislation and formulating as early as possible relevant laws and regulations concerning state budget, asset management, capital management, and revising and improving taxation regulations.

Tax Collection Emphasized

HK2612043888 Beijing CHINA DAILY in English
26 Dec 88 p 1

[Text] [CD News]—Setting a reasonable ratio between State revenue and national income is one way to resolve China's recurrent public deficit in recent years, Minister of Finance Wang Bingqian said in Beijing on Saturday.

Speaking at a national conference on public finance policy, Wang said that the lack of such a specific ratio coupled with insufficient macro-economic controls to influence the distribution of national income has caused the widening gap between State expenditures and revenues that has led to persistent deficits over the past nine years.

"Drawing a lesson from this, therefore, we must resolutely implement in the next two years a programme of austerity, reduce the social demand for investment funds, cut back government expenditures, and strengthen macro-economic fine-tuning of the economy," Wang stressed.

While noting the economic progress over the past decade of reforms, Wang said that the country's financial resources on the whole have increased.

But the authorities at all levels were too eager to give tax breaks to stimulate the economy. Too many enterprises were allowed to service their debts before paying their taxes. And the government failed to get its share of benefits from price hikes.

As a result, an excessive amount of financial resources remained outside government budgets and were used for giving bonuses, gifts, holding banquets, and other ostentatious, non-productive uses.

This year only 19.3 per cent of the national income, which the State Statistics Bureau says now exceeds 1 trillion yuan (\$270 billion), has fallen to State revenues.

In 1979 the State treasury took 31.9 per cent of the national income.

Also, this year 227 billion yuan (\$61.3 billion) of the national income were outside the State budget, compared with only 45.3 billion yuan (\$12.2 billion) in 1979, Wang said.

"To resolve this problem, we should take appropriate measures to strengthen the government's control over the distribution of the national income, and gradually increase the percentage of State revenue to about 28 per cent of the national income," Wang told the conference.

"And in this State revenue, the Central Government should gradually increase its share to 60-70 per cent," Wang said "This should be our immediate financial goal."

More revenues are expected to be raised by increasing taxes and cutting back investment and consumption funds, Wang said.

Li Peng on Tasks, Difficulties

OW2512164488 Beijing XINHUA in English
1628 GMT 25 Dec 88

[Text] Beijing, December 25 (XINHUA)—China will appropriately centralize funds and enhance the authority of budget to cope with financial difficulties, Premier Li Peng said when meeting with representatives attending a national work conference on finance here today.

The premier said the policy to improve economic environment set by the Third Plenary Session of the 13th Communist Party Congress has brought about initiative [as received] results in the past three months.

The price hike has been checked; the construction of a number of projects have been stopped; the purchasing power of social groups has been brought under control and the grain purchase is better than in the corresponding period of last year.

However, the premier said, there are still problems to be tackled: the bank is short of funds; the amount of money put into circulation is still great; investment in capital construction is still too high and production growth is still overheated.

Li called on people to overcome difficulties by increasing production, practising economy and tapping potentials in various sectors.

Li urged to improve taxation. He said that the present financial power is fairly decentralized and it is necessary to raise the proportion of financial income of the central government in the state revenue.

He called on localities to improve management and product quality and reduce production costs.

Li said the financial discipline must be strengthened and the authority of budget must be enhanced.

According to the premier, through improving the economic environment, financial work should try to establish new systems and new methods better suited to the planned, socialist commodity economy.

He noted although there have been great achievements in financial and taxation work in recent years, the financial work will face more difficulties next year.

The premier encouraged financial workers to work hard and enhance confidence in overcoming such difficulties.

Li, Yao Meet Delegates

*OW2712083588 Beijing Domestic Service
in Mandarin 2230 GMT 25 Dec 88*

[Text] According to a XINHUA report, Premier Li Peng and Vice Premier Yao Yilin on 25 December morning met with and addressed a number of delegates to the national financial work conference.

Li Peng pointed out: The principle of improving the economic environment laid down by the 3d Plenary Session of the 13th CPC Central Committee has won the support of the people throughout the country. It has yielded preliminary results since it was put into practice 3 months ago. In the last 3 months, commodity prices have stabilized with some decreases, screening of capital construction projects has started in an all-round way and some projects have already been suspended, institutional purchases have somewhat been brought under control, and the grain purchase situation has improved with progress exceeding that of the corresponding period last year. However, there are also many problems. For instance,

banks have a critical shortage of funds, money supply remains very large, and the large capital construction investment and consumption funds and high production speed remain unchanged. We must fully understand the arduous and protracted nature of the task of making improvement. At present, both the central government and local governments have financial difficulties. We should see the difficulties, have the confidence to overcome them, firmly implement the guidelines of the 3d Plenary Session, and launch the campaign to increase production and practice economy and to raise revenues and reduce expenditures so as to tap the potential in all quarters to overcome financial difficulties.

Li Peng said: At present, our financial resources are quite decentralized. From a long-term point of view, we should properly increase the ratio of state revenues in the national income, and the ratio of central revenues in state revenues. Since our country is a unified country, we must have an economic foundation in order to establish the authority of the state. Without an economic foundation, there will be no state authority.

He pointed out: In order to increase revenues, we must improve tax collection work. In the course of improving the economic environment, enterprises must not rely on reduced taxes and reduced profit delivery quotas to survive. They should make efforts to improve operations and management, improve the quality of products, lower consumption, and raise economic efficiency. All localities should conduct a reexamination of the tax exemptions and reductions granted in the past.

Li Peng emphasized: It is necessary to enforce financial and economic discipline, and enhance our sense of the budget. Once the budget is approved by the people's congresses at various levels, it must not be changed at will. It is a bad habit for leaders at various levels to write instructions on changing the budget as they please. Such malpractice must be corrected, and the State Council must take the lead in doing so.

Yao Yilin said: To improve the economic environment and rectify economic order means to readjust, including readjusting taxes. In the course of the readjustment, it is necessary to effectively give play to the regulatory role of taxation. The individual income regulatory tax and the agricultural and forestry special product tax are not only designed to increase revenues. More importantly, they are designed to regulate the uneven distribution in society and regulate the irrational price parity of agricultural products. Taxation is an important lever to regulate the economy and balance income in society. We must attach importance to the readjustment of financial work, and explore new financial sources and ways for increasing income and reducing expenditure.

The national financial work conference closed in Beijing on 25 December.

More on Li Peng Visit to Xichang Space Center
OW2412083088 Beijing XINHUA in English
0717 GMT 24 Dec 88

[Text] Xichang, December 24 (XINHUA)—It was a sunny day in Xichang, Sichuan Province. Among the hills stood the milky white "Long March" No. 3 carrier rocket holding a telecommunications satellite ready for launching, when Chinese Premier Li Peng arrived.

Li and Deputy Secretaries-General of the party Central Military Commission Hong Xuezhi and Liu Huaqing, and Hu Qiaomu, member of the Standing Committee of the party Central Advisory Commission, were guided by Ding Henggao, minister in charge of the Commission of Science, Technology and Industry for National Defence, and Lin Zongtang, minister of aerospace industry.

When he was told that many of the technicians participating in the launching wanted to take pictures with him, the premier said to Ding Henggao: "Ask them come over and I can manage to have photos taken with them in several groups." When the premier found that Ren Xinmin, general designer of rockets and satellites was not among them, he asked Lin Zongtang to look for the designer. Ren soon arrived and after they had a group photo taken to mark the occasion, Li Peng shook hands with the general designer and said: "Your comrades have been working hard on the front line of scientific research for national defense. I have to thank you on behalf of the central government and the people of the whole country."

The premier then toured the satellite launching site and asked about the work, life and health of the scientists and workers there.

During the visit, Li Peng listened to a report on China's launching of satellites for foreign countries and asked about the locations, designs and launching capacities of the new launching sites planned. He also visited a newly built satellite testing workshop.

The premier also called on representatives from government departments or companies from eight countries and regions including the United States, Federal Germany, Pakistan and Australia, who had been specially invited to watch the launching of the telecommunications satellite at the center.

At half past eight in the evening, Li and the other Chinese officials climbed to the top of the command tower to watch the launching of the satellite.

He clapped and said, "congratulations" as he saw the "Long March" No. 3 carrier rocket shoot into the sky with the satellite on its back.

Li then made a speech, saying that the successful launching of the telecommunications satellite symbolizes the maturity of China's synchronous telecommunications

satellite technology. "Space technology involves many branches of knowledge, so its development will surely give an impetus to China's development of other fields of science and technology," he said.

The premier finally encouraged all the scientists and workers there to make new contributions to the country.

Satellite Development Reviewed
OW2312210488 Beijing International Service
in Mandarin 0900 GMT 23 Dec 88

["News Background: China's Communications Satellites"]

[Text] Listeners: China again successfully launched a communications satellite at the Xichang Satellite Launch Center at 2040 [1240 GMT] on 22 December.

China successfully launched its first experimental communications satellite on 8 April 1984, and the satellite operated normally in a geostationary orbit for 3 years. During those 3 years, the satellite successfully inaugurated digital and analog telephone communications. It tested such services as transmitting televised and radio programs; faxing pictures, texts, and spreadsheets; and so forth. These services received very favorable comments from consumers.

Because of the successful launching of the communications and broadcast satellite on 1 February 1986, China's hitherto experimental satellite communications entered the stage of actual application. On 7 March 1988, China launched its third geostationary communications satellite with the Long March No. 3 carrier rocket.

Satellite communications are a kind of ground communications service utilizing a geostationary satellite 36,000 kilometers above the equator as the base station. Such communications have these special features: They can cover large areas; they can carry large volumes of traffic; the communications quality is good; and communications are unaffected by geographical conditions. The use of satellites for medium and long distance communications also has these additional advantages: They yield quick results while requiring limited investment.

China is a vast country. Open wire communications between inland areas and remote areas not only has a limited capacity, but is also susceptible to natural disasters and other natural factors, and thus is far from being able to meet the needs of China's economic construction. When the state is not financially sound, the development of satellite communications is an effective way to improve China's communications, educational, and social services.

Since the second half of 1984, China has set up five satellite communications ground stations in Beijing, Urumqi, Hohhot, Lhasa, and Guangzhou, as well as

signals transmission facilities and long distance switching equipment between ground stations and long distance communications (?stations). By 1986, China had already completed constructing and officially inaugurating its domestic satellite communications network.

Compared with the launching of other satellites, the technology involved in the launching of geostationary satellites is more difficult, requiring a longer time and stricter safety measures. Presently, China has fully mastered the development and manufacturing of carrier rockets and satellites and the technology for launching, monitoring, and controlling them.

In 1985, the Xichang Satellite Launch Center, which launches geostationary satellites, and the Jiuquan Launch Center, which launches [words indistinct] satellites, began to officially open to the outside world. They also decided to undertake the business of launching satellites for other countries by means of the Long March No 2 and No 3 carrier rockets.

Satellite Operating Normally
OW2512154088 Beijing XINHUA in English
1431 GMT 25 Dec 88

[Text] Xian, December 25 (XINHUA)—China's telecommunications satellite launched last Thursday [22 December] is operating normally at the quasynchronous orbit.

A 24-hour trace survey showed that the satellite is in a stable state, works normally and an accurate operating orbit has been decided.

This was released by the Xian Satellite Monitoring and Controlling Center in Shaanxi Province this afternoon.

The center has worked out a capture program.

The satellite, which will be controlled for six times [as received], is expected to be fixed at the altitude of the equator at 110.5 degrees east longitude on December 30.

Correction to Li Peng Visit to Space Center

The following correction pertains to the item headlined "Li Peng Visits Xichang Space Center," published in the 23 December China DAILY REPORT, page 15, column one:

Column two of page, penultimate paragraph, from line one, reads: ...at the launching ground was fueling the rocket with propellant. The fighters performing... (rewording)

State Council Reshuffles Investment Committee
OW2412092388 Beijing XINHUA in English
0723 GMT 24 Dec 88

[Text] Beijing, December 24 (XINHUA)—To reinforce the overall work on foreign investment, the State Council, China's highest governing body, recently reshuffled the members of its Foreign Investment Committee, today's OVERSEAS EDITION of the "PEOPLE'S DAILY" reported.

Vice-Premier Tian Jiyun is the head of the committee and the deputy heads are Gan Ziyu, vice-minister of the State Planning Commission, Shen Jueren, vice-minister of economic relations and foreign trade, and He Chunlin, director of the Special Economic Zones Office under the State Council.

The members of the group comprise officials from the Ministries of Finance, Personnel and Labor and from the Bank of China, General Administration of Customs, State Bureau of Taxation and other bureaus under the State Council, said the paper.

The functions of the Foreign Investment Committee, set up in July 1986, include raising proposals to the State Council on policies, regulations and important measures relating to foreign investment in China, supervising and inspecting work by local departments and coordinating, arbitrating and resolving big issues as well as supervising foreign economic legislation and jurisdiction.

NPC Standing Committee Fifth Meeting Continues

Infectious Diseases Law Drafted
OW2412011088 Beijing XINHUA in English
1530 GMT 23 Dec 88

[Text] Beijing, December 23 (XINHUA)—A draft of a proposed law on the prevention of infectious diseases, the first of its kind in China, was submitted to the National People's Congress Standing Committee here today for discussion and approval.

The draft proposal, submitted by Premier Li Peng after approval by the 29th executive meeting of the State Council, says that the State Council has drafted the law in order to prevent, control and eliminate all kinds of infectious diseases.

Delivering a report on the draft at the opening ceremony of the Fifth Session of the Seventh National People's Congress Standing Committee, Chen Minzhang, minister of public health, said that a number of infectious diseases which were controlled or virtually eliminated in the past are now reappearing in the country, despite China's continued attempts at prevention.

According to informed sources, outbreaks of typhoid and cholera have taken place in some areas of east China and the Xinjiang Uygur Autonomous Region.

Since last summer there have been more than 30 reported deaths from typhoid and 55 people have died of cholera.

The minister stressed the importance of formulating a law comprehensively outlining the responsibilities of individuals, social organizations and government departments in infectious disease prevention.

The draft stipulates strict enforcement of disease control measures for plague, cholera and 33 other kinds of infectious diseases including AIDS.

The draft also lists regulations on reporting, publishing, controlling, and supervising infectious diseases.

Deputies Discuss Standard Law

OW2512105888 Beijing Domestic Service
in Mandarin 1030 GMT 24 Dec 88

[From the "National Hookup" program]

[Text] Judging from the group discussions of the fifth meeting of Seventh NPC Standing Committee, the draft Standard Law of the People's Republic of China is expected to be adopted at the current meeting.

Members attending the current meeting of the Standing Committee today carefully examined the draft bill in four groups. The members generally agreed that the draft bill, having been revised many times by relevant departments, is fairly comprehensive and is suitable to the present conditions in China, and that it should be adopted by the current meeting and put into effect at an early date.

During the examination of the draft law, the members expressed satisfaction that the draft had been revised on the basis of suggestions of several previous standing committees. They noted that although there are differences over whether to set up local standards and standards for trades, the adoption of the draft law should not be delayed too long. The members pointed out that under the present circumstances it is impossible to formulate a perfect standard law, adding that prolonging the adoption of such a law will be unfavorable to economic development.

The members noted that there are many substandard means of production and means of livelihood in the market. They expressed the hope that after the promulgation of the standard law, everything would be done according to law. Particular attention should be paid to helping enterprises observe standards and eliminate confusion caused by the use of different standards.

Some members said: As it is impossible to stipulate everything in a law, departments concerned should formulate implementation rules, strengthen supervision, sum up experience, and strive to improve the law in the course of its implementation.

The members also made new constructive suggestions for revising some specific articles of the draft law.

Laws, Regulations Proposed

OW2512114288 Beijing XINHUA Domestic
Service in Chinese 1533 GMT 24 Dec 88

[By reporters He Ping and Zhang Sutang; "Local Broadcast News Service"]

[Text] Beijing, 25 Dec (XINHUA)—Among the 41 proposals submitted to the Law Committee for consideration by the Presidium of the First Session of the Seventh NPC, 40 have been included in the 5-year legislative plan of the Law Committee, the reporters learned from the Fifth Session of the Seventh NPC Standing Committee currently in session. Among these 40 proposals, 22 concern law amendments currently under review by relevant departments, and 18 are about drawing up new laws either under review or being drafted by relevant departments.

Hong Wenguang and 29 other deputies sponsored a proposal for formulating regulations governing the exercise of supervisory powers by local people's congresses and their standing committees at various levels; Ying Liangdeng and 30 other deputies sponsored a proposal for formulating a law governing supervisory procedures. The NPC Law Committee believes that the exercise of supervisory powers by people's congresses is a very important part of promoting democracy and the legal system in our country. It is ready to draft, on the basis of practical experience in the past years, a law governing the supervisory powers exercised by people's congresses.

Wu Jiansheng and 31 other deputies sponsored a proposal for formulating immediately a law governing state functionaries to improve the unhealthy government work style in China. Lu Guanping and 29 other deputies sponsored a proposal for formulating as soon as possible regulations governing the responsibilities of public functionaries. The NPC Law Committee has incorporated the formulation of a law governing state functionaries in its 5-year legislative plan. At present, the Ministry of Personnel has drafted provisional regulations governing state functionaries.

State Education Loan Suggested

OW2612204088 Beijing XINHUA in English
1532 GMT 26 Dec 88

[Text] Beijing, December 26 (XINHUA)—China's senior legislators put forward last Saturday a proposal to establish a long-term state education loan.

The central government should provide educational departments with 10 billion yuan in credits over five years in a bid to overcome the country's current shortage of education funds, it said.

The suggestion was raised by 20 members of the National People's Congress (NPC) Standing Committee, including well-known economists Li Yining and Tao Dayong, as well as educator and committee vice chairman Zhou Gucheng, who are attending the committee's fifth meeting here.

The NPC members say that use of credit funds from banks will be a new way for China to solve the problem of inadequate education funds.

According to the suggestion, a special committee should also be set up under the State Education Commission to be responsible for administration and supervision of the use of the credit funds.

A body to be jointly formed by financial organizations and banks at all levels should be responsible for raising two billion yuan in funds each year, according to the proposal.

The loan would not only help the development of education in China but also benefit the country's economic and cultural development, the proposal added.

Land Use Rights Payment Urged
OW2612202288 Beijing XINHUA in English
1540 GMT 26 Dec 88

[Text] Beijing, December 26 (XINHUA)—China should introduce a way of paying for using land, legislators said here today.

Only by the paid use of land can the country avoid the current waste of land resources, said members of the National People's Congress Standing Committee when discussing a draft amendment to the Land Use Law at the committee's ongoing fifth meeting.

Prices for land use should not be changed within 10 years after they are fixed according to the land area and its quality, they said, adding that this will encourage more investment in land.

Selling of rights to state-owned land has been carried out on a trial basis since last year in the six coastal cities of Shenzhen, Shanghai, Tianjin, Guangzhou, Fuzhou and Xiamen, as well as on Hainan Island.

Farmers' land-use rights should be guaranteed by law, and should be paid for when they are transferred according to law, said committee member Wang Jinling.

Many serious problems remain to be dealt with in the country's land administration, some members said. They urged more efforts to crack down on the illegal occupation of land.

"As the commodity economy gains strength and land becomes a kind of commodity, a complete revision of the land use law should be considered," said member Wang Houde, despite the fact that many others agreed to pass the draft amendment at this meeting.

China's population increases by 10 million people each year, while the country loses 660,000 hectares of land, Chen Suiheng revealed.

The huge loss of arable land because of illegal occupation is threatening the country's grain production, he warned.

More on Plenary Meeting
HK2712133488 Beijing XINHUA Hong Kong Service
in Chinese 1107 GMT 27 Dec 88

["The NPC Standing Committee Holds Plenary Session"—XINHUA headline]

[Text] Beijing, 27 Dec (XINHUA)—The Seventh NPC Standing Committee held its fifth plenary session today. Members of the Standing Committee expressed their opinions on improving the economic environment, rectifying the economic order, protecting land resources, and developing grain production.

Some committee members said that central leading organs should take the lead in improving the economic environment and rectifying the economic order.

Li Xuezhong, a member of the NPC Standing Committee, said that the central authorities issued many directives that no meeting be held in scenic cities and spots in tourist busy seasons, but some organs did not follow this order. They set a bad example for institutions at lower levels and lost the people's trust. He said that in many large and middle-sized cities, the construction of luxurious offices, guesthouses, and amenities centers is still continuing; and foreign cars are being imported. "Why can't the money be used to develop agriculture, education, science, technology, transportation, and the energy industry?"

Li Chonghuai, another member of the NPC Standing Committee, said that the central policy for economic improvement and rectification and for in-depth all-round reforms won support from the masses, but people still doubt whether this policy can be really implemented and achieve results. He said that some units still wait and see in an attempt to get by under false pretence. Although some projects have been suspended, they may be resumed as soon as the wind blows over. In particular, the practice of giving gifts and extravagant consumption

prevails. Therefore, he proposed, law-breaking and discipline-violating cases must be seriously handled and people involved in these cases must be punished without toleration.

When talking about the issues of population, grain, and land resources, NPC Standing Committee member Ye Duzheng said that the rapid increase in population, the sharp decrease in land resources, and the strained supply of grain will be more obviously exposed in the early 21st century. He proposed that the NPC set up a group for studying the national conditions under the NPC Education, Science, Cultural, and Public Health Committee and the Chinese Academy of Sciences and the Chinese Academy of Social Sciences also set up corresponding research organs so as to strengthen the study of short-term and long-term national conditions.

Some members also expressed their opinions on tackling environmental pollution, handling the aftermath of earthquakes, improving the living conditions of medical workers, implementing the policy for the real estate owned by Overseas Chinese, and improving the procedures for relatives of Overseas Chinese to leave and reenter the country.

NPC Standing Committee Vice Chairman Xi Zhongxun chaired today's meeting. NPC Standing Committee Chairman Wan Li attended the meeting.

Hu Qili on Press Role in Social Supervision
OW2612062188 Beijing XINHUA Domestic Service
in Chinese 1539 GMT 23 Dec 88

[By reporter Zhu Weixin; "Local Broadcast News Service"]

[Text] Beijing, 23 Dec (XINHUA)—Hu Qili stressed today at a forum attended by comrades who are attending a journalism seminar held by the Propaganda Department of the CPC Central Committee at the Propaganda Cadres Training Center that it is necessary to further deepen education on the situation currently unfolding nationwide. He said: At the critical moment when we are deepening comprehensive reforms, the tasks for the journalistic front today are to persist in the basic line of the party, correctly guide public opinion and publicize the current situation of reform so as to create a good environment of public opinion for rectifying the economic order, improving the economic environment, and deepening comprehensive reforms. He believed that in order to correctly guide public opinion, we must first of all guide the people to correctly understand the situation and reform. He said: The essential purpose of education on the situation is to educate, in line with the present realities, the masses of cadres and the people on the general principle and policy of reform, opening up to the outside world, and the basic line adopted by the 13th party congress. Reform in the past 10 years has brought historical changes in our country. We must make the people understand the tremendous achievements of

reform in the past 10 years and strengthen their confidence in reform. He said: The difficulties and problems we encountered during reform are ones that cropped up in the course of advancement. They can be overcome. If we are too one-sided and see only the problems but not the achievements, we will be apt to become pessimistic and disappointed at reform and opening up to the outside world. Therefore, it is necessary to publicize the tremendous achievements of our construction and reform convincingly and with perfect assurance. We must realistically analyze and correctly approach the problems and difficulties that exist in the course of our advancement. We must guide the people to size up the situation dialectically and look at reform in an historical perspective so as to strengthen their ability to take on the difficulties and problems in reform, pluck up their courage and confidence in overcoming difficulties.

Hu Qili stressed: To correctly guide public opinion, we must correctly handle the relationship between praising and exposing. He said: When we are faced with difficulties in reform, it is particularly necessary to promote the spirit of struggling together with one heart and one mind and inspire the people's enthusiasm. Instead of being disheartened, we must pluck up our courage. In exposing problems, we must do it with the positive attitude of helping solve them. Under the leadership of the party, our one billion people are creating a socialism full of vitality. This is the essence of our lives and the keynote of our times. We must play up this keynote. We must stress not only the achievements, difficulties, and problems, but also prospects and hopes. In praising, as in exposing, we must have only one purpose in mind, that is, to strengthen the solidarity between the party, government, and people as well as the nation as a whole and boost the morale of the people so as to move the wheel of history forward.

He pointed out: To correctly guide public opinion, we must correctly understand and practice supervision by public opinion. He said: To ensure that the party and government functionaries work honestly, we need all kinds of supervision by the people, including supervision by public opinion. Measures must be taken, through various channels, to ensure that the procedure of supervision by public opinion and solving problems will be gradually standardized and systematic. Of course, this supervision must be conducted within the limits permitted by law.

Hu Qili also said: To correctly guide public opinion, we must promote dialectics, prevent one-sidedness, and stress the art of propaganda.

While talking about bringing up a contingent of journalists who have ability and moral integrity, Hu Qili said: The news media is playing an increasingly important role in the whole society as the level of the people's material and cultural life rises and newspapers, radio, and television are rapidly finding their ways into thousands upon

thousands of families. As regards the question of strengthening the ranks of journalists, we must approach it from the high plane of the needs of modernization, the world, and the future.

He said: Generally speaking, our journalists are a good force that is ready to fight, to fight hard, and to win. However, with the advance of times, journalistic work also faces new situations and new problems. In order to carry out the tasks bestowed upon by the party and the people in a still better way, journalists must enhance their professional ethics and improve themselves politically, ideologically, and professionally. He said: Under the conditions of developing a commodity economy, journalists must be able to stand the pounding and tests of diverse trends of thought. Journalism is a noble, sacred profession and journalists should have high degree of personal integrity and professional ethics. The prestige and reputation of the news media are interwoven with the fairness, honesty, uprightness, and unselfishness of journalists. He urged all journalists to cultivate fine journalistic ethics, enhance their sense of social responsibility, and prevent and overcome the corrosive influence of "money worship."

Rui Xingwen, member of the Secretariat of the CPC Central Committee, also spoke at the forum. The journalism seminar, which is being sponsored by the Propaganda Department of the CPC Central Committee, will end within the next few days after a session of 1 and 1/2 months.

Commentary on Media Rights

OW2512090888 Beijing XINHUA in English
0819 GMT 25 Dec 88

[Text] Beijing, December 25 (XINHUA)—A signed commentary appearing in the front page of today's GUANGMING DAILY, one of China's most influential newspapers, appeals to the public for ensuring the basic rights of journalists in their work.

The call is against an increasing tendency of filing lawsuits against journalists in China, especially in Shanghai.

According to the article, some people who are afraid of the supervision of journalist circle and public opinions or who hate the news media for exposing their wrong doings, tend to file lawsuits against journalists to evade their responsibilities.

The lawsuit favorers often charge some journalists with so-called "untrue reportage" or "slander", the article says.

However, the question is how to regard the truthfulness of the reporting conducted by the journalists.

The news covering is different from the investigations conducted by the law departments and investigating groups assigned by higher authorities, and reporters' stories come from a certain type of sources. Therefore reporters will not be expected to get every detail from first hand materials, the article says.

At present, reporters are working more hard and are more cautious in their criticism coverage than in their commending coverage, but few people will go out of their way to pick untrue points in the commending ones, not to speak that they would file a lawsuit against a reporter doing commending coverage, it says. [sentence as received]

The implementation of the party's resolution, fulfillment of the tasks of improving the economic environment and rectifying the economic order needs the supervision of public opinions and the role of the media which is indispensable of the journalist work. [sentence as received]

Pointed and acute criticism from the media will be helpful to rectify those unhealthy tendencies in the society as well as in the party.

But if the reporters have to cope with various kinds of lawsuits against their criticism coverage and the journalists became meticulous with every detail in a criticizing story, there will be no hope for socialist democracy and no way to supervise those corruptive officials, it says.

Ban Lifted on Controversial 'Heshang' Series
HK2512014088 Hong Kong SUNDAY STANDARD
in English 25 Dec 88 p 2

[By Tammy Tam and Karl Ho]

[Text] China has finally lifted the ban on the controversial television series "Heshang" (River Elegy) which can now be distributed overseas.

Underground copies of the series—which blamed China's backwardness on its old traditions and advocated the total westernisation of the country—have been circulated among local intellectuals for the past few months.

Mr Li Zhuang, project manager of the International Service Department of Chinese Central Television (CCTV) said they had entrusted Hong Kong's Video Compass as sole agent for overseas distribution of the programme.

Chairman of Video Compass, Mr Warren Ling, said they received the endorsement from CCTV on Friday.

"We have the exclusive distribution rights for "Heshang" in Hong Kong and Macao. CCTV and its International Services Department have issued two certificates to us," Mr Ling said.

The certificates entitle Video Compass to distribute video tapes, laser disks and the script of the TV series in Hong Kong and Macao for a period of one year.

Mr Ling added that the company was also empowered to take legal action against infringements of the copyright of the series.

Another local video company, ocean Shores, placed newspaper advertisements last week stating that tapes were available for sale.

When contacted by THE HONGKONG STANDARD yesterday, an official of Ocean Shores said it had suspended sales, adding that there was some confusion over the copyright of the series.

Video Compass put an advertisement in the pro-China WEN WEI PO yesterday, declaring it was the sole distributor for the programme.

Assistant manager of Video Compass, Mr Denver Jen Yao cheong, said the TV series would go on sale and for rental next week.

In addition to the Putonghua version, the company would also produce a Cantonese version.

The TV series was banned for overseas distribution after it was attacked by China's Vice-President of State Mr Wang Zhen in September.

Mr Bao Zhunxin, who was one of the advisers for the series, said Chinese Communist Party Secretary-General Mr Zhao Ziyang highly praised Heshang.

Sources told THE HONGKONG STANDARD Chinese leaders began to re-examine the impact of the TV series following an enquiry by the U.S. Embassy in Beijing to CCTV about the overseas copypyright of Heshang.

There was never an official ban on "Heshang" but only a notice from Chinese authorities saying it was not proper for "Heshang" to be shown abroad.

With the lifting of the ban, the producers and writers of "Heshang" will come to Hong Kong within the next few weeks

Activities Mark Anniversary of Mao's Birthday

Respects Paid at Mao's Tomb
OW2412231288 Beijing XINHUA in English
1435 GMT 24 Dec 88

[Text] Beijing, December 24 (XINHUA)—More than 52 million Chinese and foreigners have paid respects to the remains of late Chairman Mao Zedong since his memorial hall opened in September 1977, including some 140 heads of state or government and 80 party and government delegations from other countries.

December 26 is the birthday of late Chairman Mao Zedong.

At a calligraphy and painting exhibition which began today to mark birth anniversaries of both Mao Zedong and late Chinese President Liu Shaoqi, it is learned that 1.07 million Chinese and foreigners have visited the memorial chambers on the revolutionary achievements of Mao Zedong, Zhou Enlai, Liu Shaoqi and Zhu De, all late senior Chinese leaders, since the chambers opened in December 1983.

The exhibition displayed over 200 works by the most famous Chinese artists, including the 107-year-old Shanghai calligraphist Su Juxian and the 101-year-old traditional Chinese painter Xiao Longshi from east China's Anhui Province.

Leaders See Mausoleum Art Works
OW2512141788 Beijing Domestic Service
in Mandarin 1030 GMT 24 Dec 88

[From the "National Hookup" program]

[Excerpt] To mark the 95th anniversary of Comrade Mao Zedong's birthday and the 90th anniversary of comrade Liu Shaoqi's birthday, well-known calligraphers and painters from all parts of China have been offering masterpieces of their art to the Chairman Mao Memorial Hall. Since its opening in September 1977, the memorial hall has admitted 52 million visitors. In this magnificent building are memorial rooms in which articles reflecting the glorious achievements of Mao Zedong, Zhou Enlai, Liu Shaoqi, and Zhu De are displayed. These articles fully demonstrate the tremendous contributions made by these proletarian revolutionaries of the older generation.

Imbued with profound respect, leading comrades of the central authorities Liu Lantao, Jiang Hua, Huang Zhen, Chen Muhua, Zhou Gucheng, Fang Yi, Gu Mu, and more than 1,000 other people visited the Chairman Mao Memorial Hall this morning to see the calligraphic works and paintings on display. [passage omitted]

'Thousands' Visit Memorial
OW2612180988 Beijing XINHUA in English
1510 GMT 26 Dec 88

[Text] Beijing, December 26 (XINHUA)—Today was the late Chairman Mao Zedong's 95th birthday anniversary and thousands of people lined up in the cold wind to pay their respects to his remains in the Memorial Hall in Beijing's Tiananmen Square.

Huang Daxiang, an official of the Memorial Hall Administration Bureau, said the hall had received more than 5,000 people only 45 minutes after it opened today.

In an antechamber were displayed two baskets of flowers sent by Mao Zedong's son, daughter-in-law, daughter and son-in-law, and a bouquet presented by Kang Keqing, former chairman of the All-China Women's Federation.

Most of the visitors were people from outside Beijing. They included workers, farmers, cadres and intellectuals.

Cao Bi, from the Suzhou Medicine Inspection Institute, took her 70-year-old mother to the hall today. She said: "The older generation has a deep affection for Mao."

Cao's mother said: "Before 1949, I was a poor worker. Thanks to Chairman Mao, my daughter has had a chance to study in a Shanghai college."

Today was Chen Zhanwen's fourth visit to the hall. He works in a Kunming steel plant. He said: "Without Mao and other leaders of the country, we could not have the foundation for today's development."

Gus Dabney, a high school student from Florida, in the U.S., and on his first visit to China, said he had heard a lot about Mao Zedong. "Mao was really an amazing figure," he said.

Painters and calligraphers, and well-known figures such as Wu Zuoren, Li Keran, Dong Shouping, Zhao Puchu and hundreds of others donated more than 600 paintings and calligraphic works to the hall recently. These works are all concerned with Mao and other late Chinese leaders.

Today's OVERSEAS EDITION of the "PEOPLE'S DAILY" carried a long article about British Field Marshal Montgomery's meeting with Mao in 1961.

Hua Guofeng Visits Mao's Hall

HK2612143088 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1207 GMT 26 Dec 88

[Report by Geng Jun (5105 6511): "Meeting Hua Guofeng by Chance"]

[Text] Beijing, 26 Dec (ZHONGGUO TONGXUN SHE)—At 8:30 this morning, a luxurious "Bens" arrived at the gate of "Chairman Mao's Memorial Hall," which is situated in the south of the Tian An Men Square. Stepping out of the car was Hua Guofeng.

Wearing a black woolen overcoat, a pair of black cloth shoes, and a pair of broad-brimmed spectacles, Hua Guofeng walked into Chairman Mao's Memorial Hall and stood still in front of the white marble statue of Mao Zedong. He took off his cap and made a deep bow to the white marble statue of Mao Zedong. Then he walked into the room where Mao Zedong's remains were kept in a crystal sarcophagus and carefully looked at Mao Zedong's remains.

Accompanying Hua Guofeng were his wife, his children, and his 4-year-old granddaughter.

In order to commemorate the 95th anniversary of the birth of Mao Zedong and the 90th anniversary of the birth of Liu Shaoqi, the Management Bureau of Chairman Mao's Memorial Hall has selected nearly 200 out of more than 600 works of China's well-known painters and calligraphers and exhibited them in five big halls on the second floor of Chairman Mao's Memorial Hall. Hua Guofeng stopped at the first painting exhibited in the first exhibition hall. The painting is entitled "Korean Pine in Bright Sunlight, Everlasting Glory," which is eight-feet long. Hua Guofeng immediately recognized that was the work of Huang Zhen. Hua Guofeng asked a staff member of the exhibition hall: "Why are there four pine trees in the painting?" The staff member replied: "The four pine trees refer to the four late veteran leaders, namely, Mao Zedong, Zhou Enlai, Liu Shaoqi, and Zhu De. Huang Zhen used one kilogram of cinnabar to paint this painting."

After seeing the exhibition, Hua Guofeng went into the lounge where I had a chance to talk to him. Hua Guofeng told me that besides reading books and newspapers everyday, he also keeps on doing taijiquan and practising calligraphy. Every day, he strolls for 10 to 20 li. Sometimes, he even strolls on the busy streets of Beijing City. Because he wears sunglasses, no one recognizes him on the street. In recent years, there has been a qigong [deep breathing exercises] craze in the hinterland. Therefore, every evening, he practises qigong and has already achieved some good results in this respect. His complexion and spirit are far better than a few years ago.

Because not long ago, an earthquake took place in Yunnan Province, our talk was soon shifted to the Tangshan Earthquake which took place in 1976. Hua Guofeng recalled: "The Tangshan Earthquake took place at 3:48 early in the morning. At that time, I felt the ground moving up and down. For safety reason, we moved Chairman Mao to No 202 of the Zhongnanhai. No 202 of the Zhongnanhai is a group of single-storey houses and is the place where Chairman Mao passed away." A staff member added: "No 202 is now the place where the general secretary of the CPC receives foreign guests."

At 9:15 in the morning, Hua Guofeng left Chairman Mao's Memorial Hall by car. At that time, Mao Zedong's son Mao Anying, daughter-in-law Shao Hua, grand-son Mao Xinyu also arrived at Chairman Mao's Memorial Hall, carrying with them a basket of fresh flowers.

RENMIN RIBAO Views Retrenchment Policy

HK2712091688 Beijing RENMIN RIBAO in Chinese
26 Dec 88 p 1

[Commentator's article: "Be Prepared for 2 or 3 Hard Years"]

[Text] "It is necessary to prepare for 2 or 3 hard years." This is a basic principle decided by the national financial

work conference which has just concluded. We should say that this policy decision is very necessary, because it is conforming to China's present economic conditions.

Why should we prepare for "hard years"?

In the past few years, the national economy has grown by a big margin. Construction projects are being undertaken everywhere. On the surface, the economy is highly "heated"; in reality, many latent factors for a strained condition exist.

In our country, there is a large population, relatively inadequate resources, and a shortage of funds. The economic foundation is rather weak. However, a lot of people did not bear this fact in mind. Now, many people want to do good things and make achievements during their office tenure. They try to accomplish greater projects than other people without regard to their actual capacity. We should do good things, but we must arrange our construction according to our financial capacity. If our construction goes beyond our financial capacity and if we raise the budget to too high a degree without regard to our actual financial capacity so as to vie with each other in enlarging the construction scale, issuing lavish bonuses and allowances, and going in for ostentation and extravagance, then the national economy will find no way to bear the pressure from the swelling demand. At present, some localities, departments, and enterprises constantly expand their construction scale and start more and more construction projects. They vie with each other in building offices, guesthouses, and amenities centers. Some of them started large construction projects even when falling behind on loan repayment to the banks; others blindly imported foreign equipment and lavished foreign exchange on their projects. Some cadres indulged themselves in extravagant eating and drinking and spent money like water. All this added heavy burdens to finances at various levels. If the overheated economy is not cooled down, it will inevitably cause more difficulties to our economic life and make it hard to eliminate the financial deficit.

It should be pointed out here that the extravagant manner in competing with each other in expanding the construction scale is greatly harmful. The main consequence is to make the gross social demand greatly outstrip the gross supply and cause obvious inflation. In the meantime, the growth in the state financial revenue will not be able to keep pace with the rise in prices, and this will weaken the state's economic strength.

Not only leading cadres at various levels but also the masses should fully understand the principle of "tightening our belt for 2 to 3 years" and make full mental preparations for this. Agriculture in our country has been in a stagnant condition for 4 years running, and inflation has added excessively heavy burdens to industry and lowered the economic results of the industrial enterprises. Although these difficulties are all temporary and can be surmounted, resolute measures must still be

adopted now to check the overheated demand. Only by tightening our budgets according to our strained financial condition can we ensure the overall interests of reform and construction and guarantee social stability.

Some comrades are worried that as we will tighten our belt for 2 to 3 years, our growth will slow down and sustained economic development and financial revenue will be affected. In fact, the retrenchment policy does not mean that we will completely stop all construction; instead, we will adjust our investment policy by giving priority to supporting agriculture and basic industry and restraining non-productive construction projects and projects that produce oversupplied goods. We will combine the measures for cutting down on the investment scale with the adjustment of the industrial structure. We will support and protect some industries and restrain others on merit. Thus, we will be able to use the money for the most urgently necessary projects so as to raise the economic returns, improve and increase effective supply, and gradually realize the basic balance between gross social supply and gross social demand.

"Tightening our belt" is a positive idea. With this idea, we will not merely rely on increasing input and expanding scale to develop our economy and will, instead, mainly rely on strengthening management, improving technology, and raising economic efficiency and productivity. Now our economy remains in the stage of "extensive" development, and great potential has yet to be tapped in the enterprises. So long as we work in a down-to-earth manner to tap the internal development potential, our national economy will further grow into a new stage. At the same time, by advocating the necessity of "preparing for hard days," we will be able to again arouse the hard-working and thrifty spirit among the people, and prevent waste and extravagance, thus guaranteeing the fulfillment of our tasks in all fields.

In order to "prepare for the hard years," governments at various levels should work out their concrete measures for increasing income and reducing expenditure when drawing up their financial plans. The national financial work conference decided that in 1989, extrabudgetary funds will be pooled to an appropriate degree, some preferential treatments in the field of taxation will be rescinded, and special appropriations will be reduced. These measures will affect the existing distribution pattern, and some localities and departments will have to sacrifice their interests to a certain degree. For this, all localities, departments, and enterprises must have full mental preparations, and they should not continue to follow their old conventions as their belt will be tightened. Only when all localities and departments from top to bottom really subject themselves to the overall national interests and take the initiative in sharing the burdens with the state can the overheated economic condition be cooled down and the national economy be able to develop harmoniously and healthily.

RENMIN RIBAO Cited on Restructuring Economy
OW2712080588 Beijing XINHUA in English
0653 GMT 27 Dec 88

[Text] Beijing, December 27 (XINHUA)—The key to the success of China's current effort to "improve the economic environment and rectify the economic order" lies in successfully restructuring the economy, the PEOPLE'S DAILY said today.

"China should make energetic efforts to readjust its economic structure," the Beijing-based paper quoted Communist Party General Secretary Zhao Ziyang as saying.

In a commentary, the party paper defined the readjustment as principally covering priorities given to different industries, enterprises and products. Only if progress is made along these lines in the next two years will the reform be a success, it said.

Although the "irrational" economic structure is a long-standing problem, the daily said, a new imbalance occurred in recent years as agriculture became "left out in the cold," industry "heated up" and raw materials, energy and communications industries started to lag behind the fast-developing processing industries.

Large non-productive and processing industries should be cut down, the paper said, adding that even some productive projects, if proved to be redundant, should also be postponed.

Meanwhile, projects closely related to people's lives should be guaranteed, saying [as received] every possible way should be tried to increase the production and supply of grain, cotton, edible oil, meat and eggs, industrial products for daily use, energy, badly-needed raw materials and commodities. Export products, too, should receive special attention.

During the readjustment, the paper said, China should let market forces fulfil these objectives wherever possible. But where that fails, necessary administrative means should be resorted to.

"Under no circumstance should China go to the extremes—either through lifting all controls or having nothing but controls," the paper said.

It encouraged the practice of big- and medium-sized enterprises merging with poorly-run enterprises, inter-enterprise cooperation and the formation of enterprise groups.

During the readjustment, the paper said, some localities and enterprises may suffer losses. "But for the steadiness and development of the Chinese economy as a whole, such losses are worthwhile," it added.

The paper today also carried a report on its front page, on how the city of Suzhou in Jiangsu Province has restructured its own local economy.

This year, it said, more than 200 enterprises have been merged with other enterprises, and so far 25 enterprise groups have been set up in the city.

Suzhou has also made great efforts to develop an export-oriented economy. The city has concentrated on producing goods which are profitable, efficient to manufacture and can easily be exported.

'Readjustment' Said Necessary To Further Reform
OW2612102088 Beijing XINHUA in English
0910 GMT 26 Dec 88

["Roundup: Readjustment—A Must for Furthering Reforms"—XINHUA headline]

[Text] Beijing, December 26 (XINHUA)—China's ongoing readjustment of its economy, in the opinion of most economists here, is of great significance and has proven to be a must for furthering the country's decade-long reforms.

"The readjustment indicates that there has been a great change in the central government's cognition and guidelines, which led to the painstaking efforts to restore the balance of essential economic relations such as social demand and supply, thus creating a sound environment for the reforms," said Zhang Zuoyuan, director of the Finance and Trade Institute of the Chinese Academy of Social Sciences.

"Readjustment" was first brought about by Premier Li Peng when he spoke about the essential goal of China's efforts to straighten out the economic order at a national meeting held early this month.

The primary task of the readjustment, the premier noted, is to curb inflation.

Almost all government officials and economists recognize that this year's inflation, which was as high as 17 percent by the end of last month, is the result of speeding economic development by putting too much currency in circulation. Thus, social demands on the economy have been exceeding the supply of available goods for several years.

According to the State Planning Commission, between 1984 and 1987, the national income registered an average annual increase of 18.2 percent, while individual income rose 21.8 percent and the institutional purchasing volume, 21.2 percent. The rising rate of investment in fixed assets during the period was as high as 26.3 percent. Economists noted that about 40 percent of the investment should be shifted into consumption.

Beginning last September, the central government has been using legislative, economic and administrative measures to control the swelling social demand through cutting back the scale of capital construction and the total amount of institutional spending.

The measures have brought some encouraging results. Data released by the State Statistics Bureau shows that last month overheated industrial production began cooling down, with its rise rate going down 2.7 percent from a month ago.

By the end of November, 9,597 construction projects had been stopped or postponed—which could save about 30 billion yuan—and the institutional purchasing volume also reported a decrease of 6.8 percentage points from October, while individual bank deposits were 6.45 billion yuan more than those of the previous month.

Although the readjustment has forced China to slow its pace in price reform, it by no means to put the reforms at a standstill. [sentence as received] On the contrary, many specialists say it will enhance reforms in many fields.

Liu Guoguang, one of China's leading economists, pointed out that the readjustment should hasten the reform of the country's financial system, making it more independent and more effective in monitoring the economy.

A report by the State Commission for Restructuring the Economic System also noted that enterprise reform will be able to quicken its pace as the readjustment brings in more favorable conditions.

The report listed measures of furthering enterprise reform in conformity with the readjustment. The reforms include enhancing enterprise mergers, development of conglomerates and implementation of the stock-sharing system on a trial basis.

As Premier Li Peng recently stressed, "we must take advantage of the readjustment to improve China's economy. A significant break-through is possible in improving China's mix of various industrial sectors, provided reform and construction are adhered to."

'Main Problems,' Mistakes in Reform Noted
HK2512081888 Beijing RENMIN RIBAO in Chinese
23 Dec 88 p 5

[Article by Xu Xuehan (1776 7185 1383): "Several Questions and Suggestions on Improvement and Rectification"]

[Text] Although it has been a bit late for us to improve the economic environment and to rectify the economic order, we have achieved initial results in certain aspects of the endeavor. This shows that there is still time for us to do the work as long as we have made up our mind. For this reason, it is necessary for us to conscientiously sum

up our experiences and lessons. Over the past 10 years, we have made great achievements in both reform and opening up. This is obvious to all. However, there are defects and mistakes. As our reform and construction are facing many difficulties, it is difficult for them to develop healthily. The following are our main problems.

1. The great underestimation of the harm of inflation. A small number of economists failed to proceed from specific conditions in China, and to study the bitter lessons of the 29-year period (1949-1978) since the founding of the People's Republic when our economy experienced major ups and downs. They advocated that "optimum inflation is beneficial," and that more currency should be issued to speed up the hyper-growth of the economy. Facts have proved that their views are harmful. In 1984, overheating of the economy occurred because of inflation in credits and the consumption of a large quantity of foreign exchange. To cool down the overheated economy in 1985, we proposed an idea of minor readjustment in 3 years, namely, the "soft landing" tactics. However, we gave it up halfway. During a period from 1986 to 1987, we continued to issue currency in a large quantity, and its speed was much higher than the speed of growth of our gross industrial and agricultural output value and national incomes. After the second quarter of 1986, an overheated economy continued. As a result, inflation became increasingly serious, and it was difficult to check.

2. The "diversion of administrative decisionmaking power to lower authorities" in the urban reform (or diversion of administrative decisionmaking power to departments, such as contracting the whole trade, and so on), has, on the whole, been more harmful than beneficial. This method is detrimental to macroscopic control. It is necessary to delegate decisionmaking power through reform in order to give play to the enthusiasm of the central authorities, localities, and enterprises. It is necessary to change the method by which the central authorities exercise macroscopic control over the national economy. However, we should on no account weaken the capability of the central authorities in exercising macroscopic control. In the meantime, through reform, we should protect and develop a unified national market. Enterprises that originally belonged to the central authorities must not be transferred to local governments. As far as finance is concerned, we have implemented a policy of "eating out of different kitchens" in provinces and cities. This year, we follow the system of wholly contracting a financial quota, and have decided that the actual bases will remain unchanged for 3 to 5 years. However, the results are not rational to all provinces, and the central authorities have benefited very little from the system. In recent years, the growth of the central financial revenues cannot offset price increases. As far as finance is concerned, local governments at all levels have a very great capability in interfering in finance. Due to the fact credits are contracted to various provinces and cities, there has been a financial carving up. In addition, this year we have implemented the plan for the foreign

exchange incomes from exports. The quotas of foreign exchange incomes have been contracted to various provinces and cities. This is also the case with the amount of retention of foreign exchange, and the foreign exchange for imports. Decisionmaking power for issuing import and export licenses has also been delegated to the localities. Owing to the fact that various provinces and cities have also implemented a similar contract system for their subordinate prefectures and counties, a carving up of the second stage has thus occurred. As a result, 1) the power of the central authorities for exercising macroscopic control has been considerably reduced. No one is willing to obey the order or enforce the ban in spite of the fact that they have been issued. Investments not covered by the state budget are increasing unchecked. 2) Conflicts of economic interests under such a system have forced local governments to set up their own domains and impose a blockade on each other. As far as foreign trade is concerned, they increase purchase prices of goods at home, but in foreign market they reduce the prices of their export products for the sake of competition. The domestic market, which is not well developed, has thus been further broken up.

3. Failure to adopt supporting measures in reform has induced "short-term behavior." The major guiding principle of reform is undoubtedly correct. Practice over the past 10 years has proved this. However, since reform is a complicated, strenuous, and systematic project, supporting measures are needed. In recent years, the method of reform of "striking and reflexing" [zhuang ji fan she 2326 2345 0646 1410] has been prevalent. In other words, we might make achievements in a certain single project of reform. However, due to the fact that no supporting measures have been adopted, "vacuums," "faults," or "contrast" might occur. It is difficult to consolidate the achievements of the single project. It might even be difficult for us to clear up the messy situation. For example, after the implementation of the double-track system for means of production, we failed to establish the relevant market organizations, or work out necessary laws and regulations for market administration. As a result, severe chaos has occurred in the circulation field. This has triggered dissatisfaction among the people.

4. A lack of a systematic and effective industrial policy. The harmful economic structure that took shape under the old system has become a major obstacle to the attainment of better economic results and steady economic growth. Although the economic readjustment from 1979 to 1981 considerably improved the economic structure regarding the relationship between agriculture, light industry, and heavy industry, the practice did not continue perseveringly. The 12th party congress defined agriculture, energy, transportation and communications, and science and technology as the strategic priorities that were the correct stipulations for the industrial policy. However, they were not further specified and there were no effective mechanism and policy means to put them into practice. Since 1984, the economic structure has

turned for the worse. First, remarkable successes were achieved in agriculture, the foundation of the national economy, through the initial reforms, namely, the implementation of the contracted responsibility system with payment linked to output and the readjustment of grain prices. Bumper grain, cotton, and oil crops harvests were reaped for successive years that reached a peak in 1984. Some people believed that there would be no more grain shortages. Hence, they decreased material input in agriculture and reduced the grain and edible oil purchase contracts, which dampened the enthusiasm of the peasants. Second, the vigorous development of township enterprises in recent years invigorated the national economy and played a positive role in exploiting rural resources and making use of the surplus rural labor. However, there were also a considerable number of township enterprises that relied on the local government's "preferential" measures including the inappropriate tax reduction and the granting of excessive credit. This resulted in the blind development of the processing industry including the small silk factories, cotton mills, cigarette factories, and breweries. Most of the products were inferior in quality, high in production costs, and backward in technology which consumed far too much raw materials and energy, caused environmental pollution, and destroyed the ecological balance. Third, instead of relying on the state's industrial policy and technological setup policy, the import of advanced technology and foreign capital and the preferential terms for retention of foreign exchange were region-oriented. Instead of optimizing China's industrial structure and promoting technological progress, the import of the large number of projects and hardware that were not properly assimilated exhausted our financial resources and foreign exchange. Fourth, the processing industry developed rapidly while the infrastructure and basic industries stagnated, leading to a strain on nationwide energy, raw materials, and communications.

5. The delay in political structural reform. Ten years have elapsed since China introduced reform and there have been certain changes and progress in the political structure. For example, the people's congresses and their standing committees have played a certain role of the organs of power, we have started to establish and perfect all kinds of laws and regulations, the building of democratic politics has been enhanced, and the newspapers have introduced some reforms and increased their openness. On the other hand, however, the cumbersome administrative structure, the large number of redundant personnel, and bureaucratism have almost become chronic and stubborn diseases. Because of a lack of a supervisory system, rational flow of talented people, and a competition mechanism, the method of delegating the powers of personnel affairs gave some people the advantage to engage in unhealthy practices that include making appointments by favoritism and promoting their relatives to important posts. Although there has been a good beginning in scientization and democratization in making major policy decisions, the extent of scientization and democratization is not enough. Although an end has

been put to "blaming the speaker," a practice under the influence of the "leftist" line, the practices of "those reporting good news being praised, while those reporting bad news being criticized" are still prevailing. The failure to stop corruption is also closely linked with the delay in political structural reform.

Not without worries, the people support the principle and tasks proposed at the 3d Plenary Session of the 13th Central Committee, namely, improving the economic environment and rectifying the economic order, deepening reform in an all-round way. Improving the economic environment and rectifying the economic order involve economic readjustment and a cutback in the general volume, while the partial and varied interests of some localities, departments, and units as well as the interests of some people enjoying special privileges will be affected. To protect their own interests, they will naturally resort to the same old trick by "dealing with the above policy with tit-for-tat measures." Consequently, the implementation of correct principle and policies will encounter resistance and obstacles. Therefore, a good decision involves thorough-going persistence, and no resistance should stop its implementation. Otherwise, contradictions will be aggravated by procrastination.

Based on the above analysis, I should like to make the following proposals:

First, it is necessary to further unify ideological understanding, so that improving the economic environment and rectifying the economic order may become conscious action of the whole party. The experiences and lessons over the past decade need be earnestly summed up. True, we should go to great lengths in talking about our accomplishments, but we should also explain our problems thoroughly. It is necessary to strictly abide by the strategy set by the 13th party congress, "to pay attention to economic results, to improve quality, to develop harmoniously, and to stabilize economic growth." Both the central authorities and localities should genuinely correct the erroneous practice of high development rate and high consumption. It is entirely correct for the 3d Plenary Session of the 13th Central Committee to make the decision "to slow down the 1989 industrial growth rate to 10 percent and even lower." Steady economic growth is China's long-term strategic principle. Drastic ups and downs in the national economy are not favorable to reform and opening up, nor is it so to development.

Second, the 3d Plenary Session of the 13th Central Committee has decided that the price rise range be markedly lower than that of 1988, and tenfold efforts should be exerted to accomplish this task. The central bank lost control of the money supply between January and August this year. We must fully estimate the possibility of a return of a price increase next year. To keep inflation under control, it is necessary to adopt a series of measures capable of standing the stiffest test. First, there should be no more overdraft deficits in the 1989 fiscal

year to avoid excessive issuance of banknotes. Second, the central bank's money supply volume must be kept under strict control within the bounds of national economic growth. The existing formula in which "money issuance growth rate equals economic growth rate plus inflation rate" is actually one for implementing inflation. The central bank should make better use of the interest policy. Value of deposits should not only be preserved, but also increased. Only then will it be possible to stabilize and expand fixed deposits volume. Concerning loan rates, all interest rates in this category should be higher than the inflation and deposit rates, with the exception of preferential rates at different tiers based on the state's policy of showing discrimination toward some industries [chan ye qing xie zheng ce 3934 2814 0282 2438 2398 4595]. The deposit reserve rate and rediscount rates of the central bank should be readjusted at any time according to the economic situation, and they should be appropriately raised at present. Extrabudgetary investments are still in a state of losing control, with their capital mainly derived from bank credits, which should be cut back drastically in the next 2 years. Third, money recovering measures should be adopted. The implementation of marketing public housing can be slow in process, and will not help solve the pressing problems; in addition, it will not be an easy undertaking before rents are changed. It is preferable to appropriately raise the purchasing price for gold to reduce smuggling. The next step is to withdraw the appropriate volume of gold and silver from the treasury, to turn them into ornaments for sale in the market, and the money thus recovered should not be issued again.

Third, the rectification of the economic order and improvement of the economic environment must be carried out in a well-coordinated way and help each other forward. With regard to the method for the operation of improvement and rectification, the CPC Central Committee and the State Council have already announced a series of decisions and stipulations. Now the crux of the problem is that once we make up our minds to do something we must take some legal measures accordingly. In other words, we must dare to deal with any knotty problems and must never carry out the operation in a perfunctory manner or practice formalism. As far as the issue of official profiteering is concerned, as pointed out by a leading comrade, first, our leading people should set themselves as good examples; second, they should see that their children behave themselves; and third, they should see that those working with them behave themselves. We must guard against and check the malpractice of capitalization of power. In enforcing laws, our public security organs, procurators, courts, and supervisory organs should treat those who cover up criminal activities as equal to those who take bribes and those who give shelter to criminals. By and large, our party must take the lead in strictly enforcing discipline and strengthening and improving laws, regulations, and the legal system, and thus building China into a state ruled by law.

Fourth, it is necessary to carry out the reform further in breadth and depth. Mainly only the price reform and the wage reform are to be slowed down because of the operation of improving the economic environment and rectifying the economic order. We must steadfastly carry out reforms in other fields and, along with these reforms, we must launch a few other projects. For example, we must conscientiously sum up experience and then introduce all-round contract systems for the financial and credit sector and for foreign trade and foreign exchange, as well as for reform of the fixed asset investment system. Through all these reforms, we are to strengthen the central government's macroeconomic control and curb the tendency of decentralization, and we are to strengthen the people's congress as an organ of power to exercise prompt and effective control over the allocation of financial resources, the stability of the currency, and the operation of the foreign trade and foreign exchange. The central authorities' macroeconomic control should also be subject to supervision by society so as to give fuller play to the spirit of political democratization and the scientific decision-making process.

Finally, with regard to the currently adopted measures for the improvement and rectification operation, we must distinguish provisional measures from long-term ones, and distinguish stopgap measures from radical ones. For example, the use of administrative means of price control as a way to check inflation is only a necessary emergency measure, and the real cure for inflation is to eliminate financial deficits resulting from overdraft and to readjust the central bank's monetary policy. We will not be able to check inflation once and for all otherwise. The monopolization of grain, cotton, silk cocoons, chemical fertilizer, and certain types of steel products are only provisional measures, too. A temporary double-track system for the price control over steel products and other capital goods is tolerable, but it would be absolutely unacceptable if we were to continue retaining this system indefinitely, because it does not suit the needs of the rectification of the economic order and it goes counter to the goal of the reform which is aimed at establishing a new order of the socialist commodity economy.

East Region

Fujian Secretary Urges Spiritual Civilization *OW2712003388 Fuzhou Fujian Provincial Service in Mandarin 1100 GMT 24 Dec 88*

[Text] As part of its preliminary assessment of a contest for creating civilized cities, the Fujian Provincial CPC Committee's leading group for spiritual civilization began a preliminary inspection of 10 Fujian cities yesterday.

Chen Guangyi, secretary of the Fujian Provincial CPC Committee, called for true promotion of provincewide spiritual civilization through this assessment. He urged party committees to pay serious attention to this matter and suit a number of measures to practical needs.

This preliminary inspection was simultaneously conducted in five coastal and five mountain cities. The inspection focuses on these cities' achievements in the following fields: professional morality; quality service; public morality; good public order; good environment; cultural, sports, and scientific activities as well as the peoples' sparetime education; advocacy for civilized, healthy, active, and good new trends; and adherence to the principle of improving the economic environment, rectifying economic order, and reform.

After beginning their inspection in Shicheng City, the assessment teams will meet in Sanming City in early January 1989 to deliver summary reports and engage in theoretical discussion.

Jiangxi Holds Symposium on Theoretical Work *OW2412012588 Nanchang JIANGXI RIBAO in Chinese 11 Dec 88 p 1*

[Text] Theoretical workers should study and probe important theoretical questions through practice, serve reform and economic construction, and make new contributions to revitalizing Jiangxi Province. Liu Fangren, deputy secretary of the Jiangxi Provincial CPC Committee, put forward these requirements at the provincial theoretical symposium to commemorate the 10th anniversary of the 3d Plenary Session of the 11th CPC Central Committee. The symposium was jointly held by the Jiangxi provincial party committee's Propaganda Department, party school, lecture group; and the provincial Education Commission, Academy of Social Sciences, and Federation of Social Science Workers in Nanchang, with the approval of the provincial party committee. The symposium was held 7-10 December. More than 130 theoretical workers and people who work in various fields attended the symposium. They submitted 103 theses to the meeting. In a serious academic atmosphere the participants held penetrating discussions on various important issues, including how to: deepen understanding in the initial stage of socialism, improve the economic environment and rectify the economic order, deepen reform in an all-round way, the goals of

and measures for promoting Jiangxi's economic and social development, give full play to political superiority, strengthen the building of the party, and strengthen and improve theoretical work. The participants took the floor one after another to express their opinions, exchange their experiences, and put forward many viewpoints and suggestions with academic and practical value.

Comrades Liu Fangren, Bai Dongcai, Zhao Zengyi, Fu Yutian, Xu Qin, Wang Baotian, Wang Taihua, Chen Guizun, and Shen Shanwen attended the opening ceremony. Comrades Mao Zhiyong, Bai Dongcai, Zhao Zengyi, Fu Yutian, and Wang Taihua attended the closing ceremony and issued awards to honorable prize-winners Liu Huanhui and Wang Hongyuan, first prize winners Li Guoqiang, Gu Jiguang, Zhong Yicai, and Dai Xiangqing, 36 second prize winners and 170 third prize winners.

Liu Fangren, deputy secretary of the provincial party committee, delivered a speech at the meeting. He pointed out: In the past 10 years comrades on the ideological and theoretical front have liberated their thinking, taken the actual situation in Jiangxi into consideration, faced reality, done a lot of theoretical research, propaganda, and educational work, and made positive contributions to promoting reform and the open policy and building spiritual and material civilization in this province. The 10 years have been a period in which theoretical workers have made the greatest developments and achievements and obtained the greatest results since the founding of New China. Their main efforts and achievements include: First, they have made extensive and intensive studies and research in Marxism - Leninism - Mao Zedong Thought and they have made efforts to disseminate and educate people about Marxism - Leninism - Mao Zedong Thought. Second, taking the actual situation in Jiangxi and major tasks of this province in promoting socialist modernization and reform and the open policy into consideration, they have made extensive and deep investigations and studies, unfolded many academic and research activities, and written and published some theses and books of high quality. In the third provincial evaluation of outstanding theses on philosophy and social sciences sponsored by the provincial Federation of Social Science Workers, 392 theses received prizes. Some of the works had an impact on academic circles at home and abroad. Third, they have formed a contingent of theorists and restored, established, and improved social science organizations. According to statistics there are a total of 180,000 social science workers in this province. More than 4,100 specialize in theoretical research, propaganda, and education. An initial network of social science organizations has been established.

Liu Fangren analyzed the situation and tasks faced by theoretical workers and pointed out: The present theoretical work still cannot keep up with the requirements of

modernization's rapid development. The level of theoretical work in this province is still lower than the national level and that of some provinces with faster economic and cultural development. He said: The 10 years of reform and the development and practice of economic construction have set new tasks for theoretical workers. Theoretical workers must take Marxism - Leninism - Mao Zedong Thought and the theory of the initial stage of socialism as their guiding principle, firmly implement the party's basic line, study and probe the important issues in reform and economic construction, and make new contributions to revitalizing Jiangxi Province.

Comrade Liu Fangren called on party committees at various levels to attach great importance to theoretical work, fully understand the great role of theoretical work in promoting reform and economic construction, correct the thinking that theory is useless and theoretical work has little influence on actual work, continue to implement the party's basic line, continue to implement the policy of linking theory with practice and letting a hundred flowers blossom and a hundred schools of thought contend, encourage theoretical workers to further liberate their thinking and be bold in probing and creating new things, further strengthen the building of contingents of theoretical workers, and, in particular, train and cultivate a large number of middle-aged and young theorists.

Zhou Luanshu, deputy director of the provincial party committee's Propaganda Department and chairman of the provincial Federation of Social Science Workers, reviewed Jiangxi's theoretical work in the past decade and its future prospects. He said: In carrying out theoretical work in the future it is necessary to uphold the correct orientation in implementing the party's line, principles, and policies; work out a general plan on social science studies focused on basic research and key projects; and explore rules and practical measures for making reforms. These are the major tasks for theoretical study in the near future. Theorists should strengthen unity, work hard, and constantly strive for progress.

Gou Chunrong, QIUSHI chief editor, spoke at the symposium.

Entrusted by the provincial party committee, Wang Taihua, director of its Propaganda Department, spoke at the symposium. He emphatically pointed out: It is necessary to fully affirm the work of theoretical departments in the past decade and respect the labor of theoretical workers. Party committees and administrative departments at all levels should, in line with the requirements of Comrade Liu Fangren's speech on behalf of the provincial party committee and government, strengthen and improve theoretical work in the course of reform and construction and create the necessary conditions for theoretical study, propaganda, and education. All leaders and theoretical workers should regard the current symposium as the new starting point for developing and promoting Jiangxi's theoretical undertaking and, with

Marxism as the guide and in a pioneering and practical spirit, strive to contribute more to implementing the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and promoting the building of two spiritual civilizations in Jiangxi.

Bai Yongchun, provincial Academy of Social Sciences president, made the closing speech on behalf of the leading group of the symposium.

Shandong Secretary at Congress Presidium Meeting
SK2412044988 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 23 Dec 88

[Text] The presidium of the fifth Shandong provincial party congress held its fourth meeting at the Nanjiao guesthouse club's banquet hall in Jinan on the morning of 23 December. Comrade Liang Buting presided over the meeting.

Meeting participants heard briefings given by various delegations on the preliminary elections of candidates for members and alternate members of the provincial party committee and members of the provincial Discipline Inspection Commission, and adopted the namelists of candidates for members and alternate members of the provincial party committee, members of the provincial Advisory and Discipline Inspection Commissions. They agreed to submit these namelists to the congress for formal elections with an equal number of candidates and posts after being further discussed by the delegates.

The meeting participants adopted in principle the draft resolution of the congress on the provincial party committee's report, the draft resolutions of the congress on the provincial Advisory and Discipline Inspection Commissions' reports, and agreed to submit the draft resolutions on these three reports to the congress for endorsement.

Shanghai Suffering Worst Drought Since 1873
HK2612044488 Beijing CHINA DAILY in English
26 Dec 88 p 1

[By staff reporter Ma Lixin]

[Text] Shanghai—China's largest city is experiencing its worst drought of the century.

The past three months have been almost rainless.

While industrial production has gone on as usual and the city's 11 million residents have not seemed to be unduly affected, it is a different story out in the fields where parched crops have simply withered.

The situation is worrying local agricultural officials, who on Sunday donned boots and, led by a deputy mayor, ventured out, a group of about 100, to assess the damage.

They noted vegetable crops in two drought-affected areas of Shanghai County were severely damaged, an official of the Municipal Agricultural Commission said.

For the three months since September 25 only 6.6 millimetres of rain has fallen, about one quarter of the amount that fell last year in the same period and a meager 10 per cent of the average fall at this time of year, weather officials said.

To find a drier autumn one has to turn back the pages of the record book 116 years to 1873.

Losses caused by the drought are not available and difficult to predict.

Residents were hopeful of a break on Saturday when overcast skies produced some rain but only enough fell to moisten the streets and certainly not enough to alleviate the crisis.

The dry conditions have increased the fire hazard. A local newspaper reported several power poles catching fire in suburban villages on Saturday night, lighting up like huge candles.

A central government spokesman in Beijing said the drought has seriously affected 11 provinces throughout the country and no relief appears in sight.

Shanghai Secretary at Procuratorial Work Meeting
OW2312125088 Shanghai JIEFANG RIBAO
in Chinese 15 Dec 88 p 1

[Correspondent Zhu Zhongmin dispatch]

[Text] Jiang Zemin, secretary of the Shanghai municipal party committee, addressed the municipal procuratorial work conference yesterday. He urged procuratorial organs to give top priority to striking at corrupt and bribe-taking officials in the struggle against economic criminals. He urged cadres and policemen on the judicial front to adopt tough and effective measures to safeguard Shanghai's public security.

Yesterday's meeting was held by the Shanghai Municipal People's Procuratorate. The meeting relayed and implemented the guidelines of the National Conference of Chief Procurators and planned 1989's procuratorial work.

Zhu Rongji, Shanghai mayor; Ye Gongqi, chairman of the municipal People's Congress Standing Committee; Zhang Dinghong, secretary of the municipal Discipline Inspection Commission; and Gu Nianzu, president of the municipal Higher People's Court, attended the meeting. Also present was Liang Guoqing, deputy procurator general of the Supreme People's Procuratorate, who led a work group to Shanghai to offer guidance in related work.

In his speech, Jiang Zemin said: Procuratorial and public security organs, courts, and other judicial departments are entrusted with lofty historical missions in opposing corruption and bribe taking, and in promoting honesty among public office holders. The law has given you these powers and responsibilities. You should enforce the law with impartiality. Anyone involved and cadres of any rank who are implicated should be thoroughly investigated and strictly dealt with. In handling cases of grave consequence in particular you should boldly remove the interference and should never show tolerance or mercy. Only in this way can you win the people's trust, deter criminals, and redeem cadres. On the contrary, it is a dereliction of duty on your part if you do not strictly punish serious economic criminals or resolutely struggle against corrupt and bribe-taking officials. Jiang Zemin urged discipline inspection commissions, as well as procuratorial, supervision, public security, industrial, and commercial administration departments to ensure quality of work; concentrate their efforts particularly on cases of grave consequence; and take effective measures to investigate and handle those cases without delay. He also pointed out: It is a task of the whole party to foster honesty among public office holders, and struggle against corruption, bribe taking, and other economic crimes. Party committees and government agencies at all levels should attach importance to fostering honesty among public office holders, and closely attend to this work to ensure success. From now on leaders will be held responsible for grave problems or serious damage resulting from failure to earnestly foster honesty among public office holders, from carelessness and neglect in this work, or from failure to conduct earnest investigations based on complaints lodged by cadres and the masses.

Touching on the question of public security, Jiang Zemin said: Public security in Shanghai is basically stable at present, but the situation is grim. In recent years public security and other judicial organs have done much to safeguard public security and maintain social stability, and have severely punished large numbers of criminals. The achievements should be fully affirmed. The current serious public security situation is the result of many factors, one of which is the inadequate effort to strike at criminal offenders. Cases deserving attention and severe punishment are not given due attention and punishment. In cases where offenders are dealt with, insufficient momentum is generated to deter criminals. The effort to improve public security through a comprehensive approach has also relaxed somewhat. Jiang Zemin stressed that we should uphold the four cardinal principles and the people's democratic dictatorship. It is imperative to exercise dictatorship over serious criminal offenders. Public security and procuratorial departments, as well as the courts, are organs for exercising dictatorship. They should enhance their role in this aspect, use legal means to deal with serious criminal offenders disrupting our stability and unity, and strive to create a favorable social and legalistic environment for making reform and opening to the outside world, for developing an export-targeted economy in Shanghai, and

for attracting more foreign investors. The large numbers of cadres and policemen on the judicial front should not lower their guard or relax in their work, but should adopt tough and effective measures to truly correct the current serious public security situation.

At the meeting, Shi Zhusan, chief procurator of the Shanghai Municipal People's Procuratorate, reviewed the work of procuratorial organs in the past 11 months, and laid down general requirements for Shanghai's procuratorial work next year. These are: Closely concentrate on the party's central tasks, deal serious blows at felons and severe economic criminals, give priority to the struggle against corrupt and bribe-taking officials as major procuratorial work, active conducting of procuratorial activities, full demonstration of the law's supervisory role, and make contributions to maintaining honesty in party and government agencies, safeguard social stability and unity, and ensure efforts to improve the economic environment, overcome economic disorder, and deepen reform in all areas.

Shanghai Mayor Meets on Economic Environment
OW2712003588 *Shanghai City Service in Mandarin*
2300 GMT 22 Dec 88

[Text] On 22 December Mayor Zhu Rongji invited some municipal People's Congress deputies, CPPCC members, and some NPC deputies and National CPPCC Committee members in Shanghai to a forum to hear their opinions on this year's government work and their suggestions on improving the economic environment and rectifying economic order. The representatives gave their suggestions, saying: In the difficult situation brought about by rising prices in raw and semifinished materials, it is necessary to adjust the industrial setup. Priority should be given to this work. Regarding the problem of commodity prices, the municipal government must strive to stabilize the prices of daily necessities and to improve commodity circulation by reducing intermediate links so as to stabilize the market and improve the economic environment. To eliminate confusion in the private economic sector it is necessary to improve taxation and administrative work as well as ideological-political work and to strive to raise the quality of the population.

In conclusion Comrade Zhu Rongji noted that their suggestions were valuable and that applicable ones would be given immediate attention. He urged the municipal People's Congress and CPPCC Committee to continue to support and aid the municipal government in confidently improving its work.

Zhejiang Leaders Discuss Agricultural Development
OW2712002088 *Hangzhou ZHEJIANG RIBAO*
in Chinese 16 Dec 88 p 1

[Excerpts] On the morning of 15 December all members attending the fourth meeting of the Sixth Zhejiang Provincial CPPCC Committee's Standing Committee discussed Zhejiang agricultural development with Shen

Zulun, deputy secretary of the Zhejiang Provincial CPC Committee and governor; Xu Xingguan, vice governor; and responsible comrades of departments and bureaus concerned. Meeting participants held that, in general, problems in current agricultural development are a phenomenon arising in the course of industrialization and development of the commodity economy. They believe that agricultural development has good prospects if we treat agricultural development seriously, strengthen leadership over the work in this field and work hand in hand. [passage omitted]

Shen Zulun, Xu Xingguan, and responsible comrades of departments and bureaus concerned discussed with participants ways to solve the problems raised at the meeting.

Comrade Shen Zulun gave a summation speech at the meeting. He fully approved the participants' concern for agricultural development and their opinions and proposals on the subject. He pledged that the provincial government and departments concerned would carefully study these opinions and proposals. He also suggested that various special committees of the provincial CPPCC Committee should keep closer contact with leaders of provincial government departments concerned, hold discussions on special subjects with them more frequently, and join them in studying problems arising from development and reform, in order to enable the CPPCC to better play its political consultative role and to better supervise and support the government's work. [passage omitted]

The meeting was presided over by Zhan Shaowen, vice chairman of the provincial CPPCC Committee. Those attending the meeting included Wu Youxin, Qiu Qinghua, Wang Chengxu, Ding Deyun, Li Chaolong, and Xue Yanzhuang, all vice chairmen of the provincial CPPCC Committee, as well as Wu Yaomin, director of the provincial CPC Committee Propaganda Department.

The meeting lasted 4 days. Group discussions were held during the session of the meeting, and 22 comrades spoke at the meeting. The meeting closed on 15 December.

Central-South Region

Guangdong Holds Foreign Trade Reform Meeting
HK2712112088 *Guangzhou Guangdong Provincial Service in Mandarin* 1000 GMT 26 Dec 88

[Text] The provincial government today held a conference on the planned economy and reform of the foreign trade structure. During the conference Vice Governor Yu Fei emphasized the necessity of readjustment in the course of rectification and improvement and seeking development in the process of readjustment.

Vice Governor Yu Fei pointed out: To improve the economic environment and rectify the economic order we must first seek a common understanding. We must not only give full play to our favorable conditions, seize any opportunity offered by the international market, and speed up our development but we must also take the whole situation into consideration, scale new heights in the process of improvement and rectification, and thus mend our pace in the development of an export-oriented economy.

Vice Governor Yu Fei said: The key to fulfilling this goal lies in maintaining a balanced relationship between the improvement and rectification operation and the implementation of the strategy for economic development in coastal areas. It is necessary to give full play to Guangdong Province's advantages, make a better use of foreign capital, implement the principles of putting two ends abroad and importing and exporting in large quantities, and promote the business of processing with supplied materials. At home [words indistinct] we must encourage enterprises to become export-oriented enterprises. At the same time efforts must be made to improve and develop enterprises' contract and joint-stock systems, strengthen enterprises' internal management, tap enterprises' potential, and effect the transition from speed-oriented to efficiency-oriented types step by step.

Governor Ye Xuanping also delivered an important speech at the conference.

Special Price Inspectors Arrive in Guangdong
HK2712045288 Guangzhou Guangdong Provincial
Service in Mandarin 1000 GMT 22 Dec 88

[Text] Some price inspectors specially dispatched to Guangdong by the State Council Price Committee and the State Administration of Commodity Prices recently arrived in Guangzhou and have started handling official business at the provincial government.

The provincial government general office recently issued a circular calling on governments and departments at various levels to assist the inspectors in their work.

The inspectors' major tasks are to publicize the price policies of the State Council, to find out about major price measures adopted by local authorities, and report to the State Council the trend of market prices in all localities and the opinions and demands of the people.

In a circular conveying the circular issued by the State Council General Office on dispatching special price inspectors to different areas, the provincial government General Office points out that the city and county governments and relevant units directly under the provincial authorities must send in time to the special inspectors a duplicate of their documents, bulletins, data, and information relating to market prices. The departments concerned should report the price situation

accurately and pass relevant information to the special inspectors as they require, and take the initiative in helping and supporting the special inspectors in their work.

Guangxi Faces Severe Winter Drought
HK2712122488 Beijing ZHONGGUO XINWEN SHE
in Chinese 1412 GMT 25 Dec 88

[Report: "Winter Drought in Guangxi Is Serious"—ZHONGGUO XINWEN SHE]

[Text] Nanning, 25 Dec (ZHONGGUO XINWEN SHE)—No rain has fallen in Guangxi for more than 50 days. Since winter began the weather has continued to be warm and dry. The rainfall record in all localities remains zero. A severe drought has appeared.

According to the regional office for resisting floods and drought in Guangxi, more than 200,000 hectares of the 500,000 hectares of farmland that have been sown with winter crops are now afflicted by drought. The actual water storage in all reservoirs in Guangxi was only some 3 billion cubic meters, obviously lower than the level in the same period last year, or only about 30 percent of storage capacity. According to experience in the past years, Guangxi water storage must reach at least 4 billion cubic meters in order to meet spring sowing and planting needs. The Guangxi regional authorities are worried about the current condition.

Meteorologists said that Guangxi's abnormal weather this year is related to a global meteorological anomaly. In addition Guangxi's ecological condition has been worsening in recent years which has weakened the natural capacity of offsetting disasters and made natural disasters occur more frequently.

At present the people in Guangxi are building and restoring the irrigation works in order to prevent spring drought next year.

Guangxi Secretary Stresses Water Conservancy
HK2712050888 Nanning Guangxi Regional Service
in Mandarin 1100 GMT 21 Dec 88

[Excerpts] This morning regional and Nanning City party and government leaders, including Chen Hui-guang, and cadres and workers of the regional and city subordinate organs went to a section office of the (Tonglezhong) Office, (Ganqu), (Longtan) Reservoir, (Shajing) Township, in the outskirts of Nanning City, to help in the winter repair of water conservancy facilities.

At about 0800 some 400 leaders, cadres, and workers, who went to help with the winter repair of water conservancy facilities rushed to the water conservancy work-site, plunged into intense labor. [passage omitted]

Chen Huiguang, regional party committee secretary, told reporters at the water conservancy worksite: The building and repair of water conservancy facilities has a bearing on next year's grain production. There are drought disasters every year, and antidrought work is needed. The key to antidrought work is water, without which grain production cannot increase.

He also said: Leaders at all levels of our region take the lead in going to the water conservancy worksite to repair water conservancy facilities. This is good. Cadres take part in labor, which is an excellent party tradition. We must advocate hard struggle and carry forward this excellent tradition.

In some 2 hours of hard work they cleared off the silt and weeds in 4 km of ditches, laying a foundation for water used in spring farming next year.

Southwest Region

Sichuan Officials Punished for Accepting Gifts
OW2312212588 Beijing XINHUA in English
0842 GMT 23 Dec 88

[Text] Beijing, December 23 (XINHUA)—Two officials of Yanting County, Sichuan Province, were disciplined recently for accepting gifts, the "PEOPLE'S DAILY" reported today.

Last August Zhong Jingzhong and Qin Yuanchang, county Communist Party secretary and deputy secretary, respectively, were notified of promotion.

Before they left for their higher positions they received almost 60 gifts worth a total of 3,000 yuan and attended 17 banquets in their honor.

They were both stripped of their membership of the local party committee and have been ordered to make what the paper called self-criticisms.

Circular of People's Armed Police Corps in Tibet
HK2712073388 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 22 Dec 88

[Excerpts] In a circular issued on 19 December, the People's Armed Police Corps in Tibet called on all subordinate units to conscientiously launch activities to support the government and show affection for the people during New Year's Day in 1989, the lunar new year, and the Tibetan new year. [passage omitted]

The circular called on all People's Armed Police units throughout the region to satisfactorily carry out the following four tasks: 1) Do a good job of education in current affairs. 2) During the festivals, all units should vigorously and voluntarily do good and practical work for the masses. 3) The leaders of all Armed Police units should frequently visit the units and people where they are stationed to solicit the views and suggestions of the

local party and government organs, mass organizations, and people in the Armed Police units, to understand the conditions of their units in carrying out patrol duties and observing mass discipline, and to rectify and deal with the problems as soon as they are discovered. 4) All units should continuously do a good job of opposing splits, safeguarding the unification of the motherland, and strengthening nationalities unity so that the people of all nationalities in Tibet can joyfully and peacefully celebrate the festivals.

North Region

Beijing Reports Foreign Trade Record
OW2412202288 Beijing XINHUA in English
1205 GMT 24 Dec 88

[Text] Beijing, December 24 (XINHUA)—The volume of exports from Beijing will exceed 1,000 million U.S. dollars-worth this year, an all-time record and an increase of 14 percent over last year.

Zhang Ming, director of the municipal Economic and Trade Committee, said 996 million U.S. dollars-worth of exports had been registered by December 20, with garments and textile products accounting for one-third of the total.

He attributed the export increase to simplification of procedures for the approval of exports, giving district and county authorities power to approve projects of less than five million U.S. dollars each, and developing export-oriented enterprises.

The director also announced that the municipal authorities have contracted 384 joint ventures with foreign firms, with investment totalling 3,830 million U.S. dollars. Some 123 of the joint ventures were contracted this year, he added.

He disclosed that the municipality has prepared 80 more projects for cooperation with foreign firms next year to develop technically advanced and export-oriented enterprises, and plans to open new markets in South America, the Middle East, Africa, the Soviet Union, Yugoslavia and Eastern Europe.

Hebei Secretary Listens to Economic Briefings
SK2412053688 Shijiazhuang HEBEI RIBAO
in Chinese 9 Dec 88 p 1

[Text] While hearing briefings given by Baoding Prefecture and City on their improving the economic environment and rectifying economic order, Xing Chongzhi, secretary of the provincial party committee, stressed that the party committees and governments at all levels should combine the improvement and rectification drive with the work of deepening reforms, exert unflinching efforts not only to improve and rectify work and to grasp results, but also to take advantage of the improvement

and rectification drive to readjust the economy and deepen enterprise reform and other reforms in an effort to promote economic development.

Xing Chongzhi said: In the course of grasping the improvement and rectification work we must solve the ideological problem of adopting a wait-and-see attitude and exert special efforts to overcome the "idea of suffering losses," alleging that "since Hebei started to develop its economy quite late it will suffer losses if it readjusts now," and the "idea of exception," alleging that Hebei is a poor province and that there is no need for it to readjust. It is necessary for the part to submit to the whole, make the whole party obey central authorities, and enable them to resolutely act in accordance with the CPC Central Committee's directives and plans. They must not hesitate to do so or adopt a wait-and-see attitude. In line with the improvement and rectification work, all localities and cities must grasp the education on the current situation; and through conducting various forms of education, enable the broad masses of cadres and the people to grasp improvement, rectification, and reforms with concerted efforts.

Xing Chongzhi stressed that it is necessary to grasp general inspection during the improvement and rectification drive. He said: The current funding problem is very acute. On the one hand, we must think of a way to absorb and make good use of the masses' idle funds; on the other hand, we must recover some funds by conducting the general inspection on finance, taxation, and prices. A successful general inspection will help ease the funds shortage. We must not complete self-inspection by just inspecting a certain area. We must place a firm grip on investigating key problems. The time limit must be flexible and must be set according to the task. Cadres at all levels must go deeply to the grass-roots levels to work in a down-to-earth manner and to clearly understand the problems in an effort to solve problems realistically. Those who withhold the truth by not reporting the facts and those who violate laws and discipline should be strictly punished. We must be determined to exert relentless efforts to punish them and must not tolerate or abet them.

When Baoding Prefecture and City leaders gave briefings on how they closely combined the improvement and rectification drive with deepening reforms, Xing Chongzhi said: We should take advantage of the opportunities to improve the economic environment and rectify the economic order to promote the unceasing deepening of reforms and to readjust the economy, production set-up, product mix, and the investment and credit structures. We should close down or merge whatever enterprises should be closed down or merged and invite bids for contractors when necessary, strive to optimize labor associations and the essential factors for production, create conditions for production development, and increase effective supply. We should also conduct the improvement and rectification drive along

with the readjustment of economic structure. It is necessary to curb, guarantee, close down, and open projects and enterprises that should be curbed, guaranteed, closed down, or opened and adopt whatever relative measures should be adopted regarding our definite goal and implement the measures in each and every unit. We should clearly understand what we should do in each and every county, township, village, and enterprise and accomplish the tasks with earnest efforts. Through conducting the improvement and rectification drive, we should strengthen enterprise management, improve and develop the management contract responsibility system, tap internal potential, raise economic results, and create a new situation for production.

Xing Chongzhi also called for efforts in grasping agricultural production and pricing problems during the improvement and rectification drive. He said: The central authorities pointed out that next year it is necessary to grasp two major issues: successfully carrying out agricultural production and striving to reap a bumper grain harvest, and cutting back commodity prices. The agricultural issue is extremely important. Only by promoting agricultural production can the masses live a secure and happy life and can commodity prices be stabilized. The agricultural issue has long been a major issue in China. Readjustment focus during the early 1960's was on solving agricultural issue. The 3d Plenary Session of the 11th CPC Central Committee also stressed the importance of doing a good job in agriculture. Party committees and governments at all levels should think of a way to strengthen management over commodity prices and ensure that next year's rise in prices will be significantly lower than this year's.

Shanxi County Quits Radicalism for Practicality
OW2412020388 Beijing XINHUA in English
0823 GMT 23 Dec 88

[Text] Taiyuan, December 23 (XINHUA)—If it hadn't been for China's flexible rural policy, bad luck would have fallen on Zhao Cuntang, a resident of a formerly radical Chinese village, who has just bought a brand-new motorcycle.

This is no exaggeration. More than 10 years ago, the then young farmer of Dazhai Village, Shanxi Province, was criticized by the village Communist Party branch for seeking comfort and a bourgeois way of living just because of a wristwatch he had bought.

Now, he doesn't have to feel guilty as he rides the shining China-made "Jialing" through this mountainous village, once a "pace-setter" in China's agriculture and later a proponent of egalitarianism during the "Cultural Revolution" (1966-1976).

The reform in the last 10 years has brought great changes to rural China, including Dazhai Village and Xiyang County, where it is located.

Although the county began to adopt the responsibility system based on households only in 1983—much later than other places, its grain output has hit record highs since then.

The output value of the county's rural enterprises has increased from 28.68 million yuan in 1978 to 126 million yuan last year, and the farmers' 1987 per capita income was 3.5 times the figure for 1978.

The irony is that the slogan "Learn From Dazhai," which resounded across China for many years has brought no prosperity to the country, yet Dazhai now has benefited a lot from learning from others.

"At first, we didn't realize that the system could work so efficiently," said Gao Yuliang, present secretary of the Dazhai party branch.

This is by no means surprising since Dazhai used to be a strong opponent of the new system.

But the villagers were finally convinced of the merits of the new way of doing things. "For years, we tried to increase our grain output to over 500 tons. But the target was only achieved in 1983 when the new system was adopted," Gao said.

But agricultural production is not the only thing that has developed in the village, which was held up as a national model for the advocates of doing away with commercial activities. Now, some villagers have purchased their own trucks to carry on private transportation business and some have opened their own restaurants and shops.

Collectively-run enterprises have also been launched. Dazhai is building a chemical plant with a designed annual output value of 4 million yuan.

Before his death in 1986, Chen Yonggui, former leader of Dazhai and Politburo member of the Communist Party Central Committee, wrote, "Facing the new situation, I admit that the old policy has failed."

Shuimotou, known for its vigorous efforts to cut off the "tails of capitalism" (private businesses) during the "Cultural Revolution years," has also taken on a new look.

"In those days of learning from Dazhai, villagers had to live on grain sold by the state," recalled Li Huairu, secretary of the village party branch.

At that time, he and 9 families in this 100-household village went to settle in other villages and some people worked in coal mines elsewhere in order to get more money.

But now nobody needs to leave the village to make a living, he said.

The village first of all reclaimed 6.7 hectares of waterlogged land for rice growing to solve the food problem, which no longer exists.

Last year, it went further by setting up a fish farm where 40,000 trout and carp are being raised. This year, it earned more than 10,000 yuan from trout sales alone.

Among the witnesses of this historic change is Wu Zhenzhu, who is the secretary of the Beinangou Village party branch both now and during the "Cultural Revolution."

He explained that over a decade ago he assigned farmland to each household but was criticized by the higher authorities as a follower of Liu Shaoqi (former Chinese president who was persecuted to death during the "Cultural Revolution" for his "capitalist practices").

Now, household-operation farming has made a comeback. In addition, the village has started several enterprises and some sideline production, which have already enabled it to rank among the richest of the county's 432 villages.

Villagers describe the ups and downs of their "capitalist-style" practices as a process of "going from above the ground to underground and re-emerging from underground to above the ground."

To get wealthy is no longer a sin, but what the Chinese Government encourages people to do so long as they engage in honest labor.

Northeast Region

Heilongjiang's Sun Attends Commendatory Meeting
SK2412044188 Harbin Heilongjiang Provincial
Service in Mandarin 2200 GMT 23 Dec 88

[Excerpts] On the morning of 23 December, wearing flowers of honor on their chests, 125 young and middle-aged state- and provincial-level experts who have made outstanding contributions, and 29 provincial winners of 1987 scientific and technological progress awards received citations and awards from the provincial party committee and government. [passage omitted]

Most of these young and middle-aged state- and provincial-level experts commended at the meeting were under 55 years of age. They will simultaneously enjoy the benefits of increasing their wage scales by 2 to 3 grades and taking precedence over others in improving living and working conditions. A total of 187 items won the 1987 provincial scientific and technological progress awards. According to incomplete statistics, these awarded items have already produced 1.422 billion yuan in economic results and have played a great role in invigorating our provincial and the national economy.

Leading provincial comrades, including Sun Weiben, Wang Zhao, Wang Luming, Wang Haiyan, Chen Yunlin, Qi Guiyuan, Ma Guoliang, Ji Hua, and Shao Qihui, presented awards to the outstanding young and middle-aged experts and winners of provincial scientific and technological progress awards.

In his speech, Sun Weiben, secretary of the provincial party committee, called the awarded comrades persons who did meritorious services for the people and outstanding representatives of the province's 800,000 specialized technical workers. He hoped that all the specialized technical workers throughout the province would take the awarded comrades as examples, display their ability and wisdom in the great cause of invigorating the province with science and technology, and accomplish something in a down-to-earth manner. He also hoped that leaders at all levels would realistically pay attention to scientific and technological work, create a social environment in which everybody respects knowledge and trained personnel, and contribute to the four modernizations and to invigorating Heilongjiang.

Jilin Procurators Jailed for Taking Bribes
OW2312184788 Beijing XINHUA in English
0633 GMT 23 Dec 88

[Text] Beijing, December 23 (XINHUA)—Three procurators in Dehui County, in northeast China's Jilin Province, have been sentenced to up to four years' imprisonment for taking bribes, today's "PEOPLE'S DAILY" reported.

Li Xiaowei, a procurator at the county's police headquarters, and two accomplices accepted a bribe of 6,000 yuan from three men accused of rape and changed the charge to a lesser one, according to the paper.

Jilin's He Zhukang Speaks on Next Year's Tasks
SK2412042788 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 22 Dec 88

[Text] On the morning of 21 December, He Zhukang, secretary of the provincial party committee and governor, invited responsible comrades of various localities and various departments directly under the province, who were attending the provincial planning work conference, to a forum. He spoke on improvement, rectification, deepening of reform, and stabilization of the economy. Present at the forum were leading comrades of the provincial Advisory Commission, People's Congress, and CPPCC Commission, and the provincial party committee's Discipline Inspection Commission.

Comrade He Zhukang pointed out in his speech to the forum: The focus and the basic tasks of next year's work have been clearly defined. They are to improve the economic environment, rectify the economic order, and comprehensively deepen reform to make our province's economy grow and develop in a stable manner.

He stressed: First, we should carry out the guiding principle of the 3d plenary session of the 13th party Central Committee resolutely, actively, and with fruitful results. We should correctly and fully understand the necessity and importance of implementing this principle. We should resolve inflation, improve the economic order, increase effective supply, and bring consumption under control through improvement and rectification.

Second, we should correctly analyze and master the situation. We should take the initiative in connecting our province's situation with the entire country's situation, and analyze them. Meanwhile, we should understand our own situation, enhance our confidence, and successfully perform our work.

Third, we should enhance the sense of respect for the overall situation and for discipline. We should: 1. conscientiously implement central principles and policy decisions, strictly enforce orders and prohibitions, and never go our own way; and 2. carry out our work in a creative manner proceeding from reality. These two are in unity and we should never set one against the other. It is sometimes unavoidable and also necessary to maintain overall and long-term interest at the expense of local interest.

Fourth, we should arouse our spirit and win. There are many difficulties in next year's economic work. We should face up to them and determine to overcome them. The key to this lies in having a correct way of thinking and a good mental outlook. We should deepen the campaign for increasing production, practicing economy, increasing revenues, and reducing expenditures. We should have definite targets in view, take corresponding measures, do solid work, and achieve actual results. Next year marks the 40th anniversary of the country's founding. We should extensively mobilize the masses to launch a province-wide labor emulation drive. We should be realistic, do solid work, and achieve actual results to greet the 40th anniversary of the founding of the country with outstanding successes.

Jilin Secretary at Party Plenary Meeting Opening
SK2512115088 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 23 Dec 88

[Text] The second plenary session of the Fifth Jilin Provincial Party Committee opened in Changchun today.

The main tasks of the meeting were to summarize the work done since the 1st plenary session of the 5th provincial party committee; to study and work out plans for next year's work; to discuss strategies for Jilin Province's economic, scientific, technological, and social development; to discuss the decision of the provincial party committee on strengthening ideological and political work; to further implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee;

and to strive to enable our province's various undertakings to steadily advance during the drive to improve the economic environment and rectify economic order.

At this morning's plenary session, He Zhukang, secretary of the Jilin Provincial Party Committee, gave a speech, entitled: "Clearly Understand the Situation, Struggle in Unity, and Advance Steadily During the Improvement and Rectification Drive."

Comrade He Zhukang's speech was divided into five parts: 1) Review of the past year's work; 2) the major experiences and lessons learned during the 10 years of reform; 3) the basic tasks for next year's reform and construction; 4) attaching great importance to ideological and political work and striving to improve it; and 5) the realistic strengthening of party leadership.

In his speech, Comrade He Zhukang objectively affirmed the situation in the entire province and the past year's work achievements, pointed out in a fact-seeking manner the contradictions and existing problems in current economic life and the political and ideological spheres, conscientiously analysed the fundamental reasons for these situations, reviewed our province's reality, and put forward next year's basic tasks for reform and construction. These tasks included comprehensively implementing the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, conducting reforms and construction in the course of carrying out the improvement and rectification drive, readjusting the economic structure, increasing effective supply, promoting stability and unity, and realizing steady economic growth.

In referring to attaching great attention to ideological and political work and striving to improve this work, He Zhukang stressed: The tasks facing us are very arduous. To fulfill all these tasks, besides relying on economic, legal, administrative, and disciplinary means, more importantly we should also rely on constant ideological and political work. At present, on the one hand, ideological and political work has been neglected and weakened. On the other hand, there is much ideological and political work waiting for us to do. Now it is high time to conscientiously solve this acute contradiction. Party committees at all levels should clearly understand the strategic status of ideological and political work and of the building of spiritual civilization from the perspective of the overall plan of socialist modernization construction, exert great determination and efforts, and adopt effective measures to promote the work in this respect.

Comrade He Zhukang also particularly stressed the issue of strengthening party leadership in his speech. He pointed out: Upholding party leadership is fundamentally important to establishing a country and the fundamental guarantee for success in the socialist modernization cause. In strengthening party leadership, at present we should first stress the party's role, and second, party construction. To stress the party's leadership role, first of all we should

safeguard the authority of the CPC Central Committee and maintain high-level unity inside the party. To stress party construction, at present we must firmly grasp two points: First, fully display party organizations and party members roles and realistically guarantee the success of the drive to improve the economic environment, rectify economic order, and deepen reforms. Second, realistically enhance the party organizations' fighting capacity and party members' political awareness through the improvement and rectification drive and to enable them to maintain a mental state of working hard to scale heights and to guide the broad masses of people to struggle arduously with full confidence.

Wang Zhongyu, deputy secretary of the provincial party committee, presided over this morning's plenary session. Du Qinglin and Gu Changchun, deputy secretaries of the provincial party committee; Chen Xingyin, Wu Yixia, and Li Deming, members of the provincial party committee Standing Committee; and 37 members and 6 alternate members of the provincial party committee attended the session. Also attending the session as observers were members of the provincial Advisory and Discipline Inspection Commissions, secretaries and deputy secretaries of the leading party groups of the provincial People's Congress and CPPCC Committee, and responsible comrades of provincial-level departments concerned.

Beginning this afternoon the plenary session will hold group discussions.

Jilin's He Zhukang Inspects Cadre Examination
SK2712102888 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 25 Dec 88

[Text] A written examination for openly selecting deputy directors of the provincial Communications and Judicial Departments, which was organized by the provincial party committee Organization Department, concluded in Changchun on 25 December. It was the first time in our province that examinations were used to select leading cadres. In particular, the written examination was taken as an important link in selecting leading cadres at the deputy head level of the provincial departments. After examinations of their qualifications, 40 deputy section head or equivalent level cadres, who were working at provincial departments, party and government leading organs of the various prefectures, cities, the autonomous prefecture, counties, cities [shi], and districts, and colleges, universities, and scientific research units of the province, were qualified to attend the examination. Thirty-two actually attended. After the 25 December written examination on professional and common knowledge, the Examination Committee will select 6 to 10 attendees for an oral test to be held next January.

Provincial party committee and government leading persons, including He Zhukang, Du Qinglin, Gao Wen, and Gao Yan, inspected the examination room on the morning of 25 December. They fully affirmed this work as a significant reform of the cadre system, which embodies the principle of openness, equality, competition, and selection of the best. Competition through examinations embodies the respect for knowledge and talented people, can stimulate cadres to study diligently and work actively, is conducive to correcting and preventing the unhealthy trends and corrupt phenomena in using personnel, and helps organization departments discover and have on hand more talented people. The significance of the examination lies not in selecting a few people but in the important embodiment of democratic politics in cadres work.

The leading comrades pointed out that from now on provincial organs should select cadres through examinations and evaluation, and this should be established as a system.

Liaoning's Quan Shuren Attends Planning Meeting
SK2712104788 Shenyang Liaoning Provincial Service in Mandarin 2300 GMT 25 Dec 88

[Text] The provincial conference on planning and on reforms in economic systems opened in Shenyang City on 25 December. Vice Governor Zhu Jiazhen delivered a report on behalf of the provincial people's government entitled "Implement the Spirit of the 3d Plenary Session of the 13th CPC Central Committee and Vigorously Fulfill the 1989 Plan."

In spite of many considerable difficulties this year, the province's general situation as a whole is good. According to the estimate, the province's GNP may reach 71 billion yuan.

During the conference the participants will discuss and decide on the achievements scored by the province in fulfilling the 1988 plan and on the criterion that has cropped up in this year's reform drive.

Attending the conference were principal leading comrades from the provincial party committee, Advisory Commission, People's Congress, people's government, and CPPCC Committee, including Quan Shuren, Dai Suli, Wang Guangzhong, Li Changchun, Xu Shaofu, Zhu Jiazhen, Chen Suzhi, Shen Xianhui, and Xu Sheng.

Zhu Jiazhen analyzed the province's situation in 1989 and put forward the goals for the 1989 plan in his report. The province's three major economic tasks in 1989 are: 1. Reap a bumper agricultural harvest and to strive to realize 14 million tons of grain output. 2. Vigorously readjust the industrial products structure and to maintain industrial production growth at an adequate speed. 3. Continuously screen projects under construction to curb the scale of investment in fixed assets, and to

reasonably readjust the structure of investments. Focal points for deepening the reform drive in 1989 are: 1. Develop and improve the responsibility and rent systems and to introduce the competitive mechanism in an overall way. 2. Deepen the drive to involve a whole range of reforms within enterprises to optimize labor organizations to separate the surplus labor forces from them, to integrate the work of encouraging enterprises to become advanced with the task of expanding production, and to enforce the business system of standardization and stocks. 3. Promote reforms in ownership and to define the relationship between production and ownership. 4. Continuously develop enterprise associations to do a good job in fostering experience in relaxing the control over enterprise operation, and to study the business style of small-scale business and the utilization of outside funds.

During the conference the participants will be briefed on the spirit of the national planning and work conferences on reforming economic systems.

Northwest Region

Earthquake Shakes County in Gansu Province
OW2612161888 Beijing XINHUA in English 1542 GMT 26 Dec 88

[Text] Lanzhou, December 26 (XINHUA)—An earthquake measuring 5.1 on the Richter Scale shook Linze County about 450 kilometers northwest of Lanzhou, capital of Gansu Province, northwest China, at 3:46 this afternoon.

Residents of Linze County, Zhangye City and the Uygur Autonomous County of Sunan were shaken by the quake, though no injuries or damage were reported.

Li Ziqi Speaks on Education in Gansu
HK2412033188 Lanzhou Gansu Provincial Service in Mandarin 0000 GMT 22 Dec 88

[Excerpt] The Gansu provincial party committee held a work meeting of party secretaries on the afternoon of 21 December to hear a report given by Vice Governor Liu Shu on the development of education in our province in recent years. [passage omitted]

On this occasion [provincial] Secretary Li Ziqi pointed out that in recent years our province has made an encouraging step in gearing its education undertakings to the needs of economic construction. The proportion of school age children has risen step by step, the floor space of middle and primary school buildings in rural areas has increased year after year, conditions for running schools have improved substantially, secondary vocational education has developed continuously, and there has also been new improvement in education for all nationalities in the minority areas.

Li Ziqi also noted: From now on education must be mainly geared to the needs of economic construction. Vigorous efforts must be made to develop vocational education so as to train a large number of skilled people at the secondary and elementary levels, who are badly needed in rural areas. All trades, professions, and units must lend strong support to the undertaking, which needs little investment but will yield quick results. Party and government leaders at various levels must also change their concepts. They must pay attention to education while working for economic construction and closely link the fight against ignorance to the elimination of poverty.

Li Ziqi continued: Now that our country is in financial difficulty we must continue to encourage cadres and the masses to raise funds for running schools and arouse the enthusiasm of religious circles in running schools in minority areas. [passage omitted]

Qinghai's Yin Calls for Supporting Procuratorates
*HK2412033588 Xining Qinghai Provincial
Service in Mandarin 2300 GMT 22 Dec 88*

[Text] Yesterday [22 December] afternoon, while holding a forum with some comrades attending a meeting of the province's chief procurators, provincial party committee Secretary Yin Kesheng pointed out: Leaders at all levels must adhere to the principle of being open in the

course of guiding political and legal work. Leading cadres may have different views on some cases, but they must adhere to the principle and support the procuratorial organs to handle the cases according to the law.

Having listened to the reports made by comrades attending the forum, Yin Kesheng pointed out: The majority of those involved in economic and disciplinary cases are state personnel, and some of them are even leading cadres. When procuratorial organs investigate and deal with these cases they frequently encounter a great deal of obstruction. This obstruction comes mainly from some leading cadres. These leading cadres privately exert pressure on procuratorial organs merely out of self-interest and under the pretext of guiding and inspecting work. When some leading cadres have different views on some cases they do not act according to the principles or willingly make statements, thus influencing the procuratorial organs handling of the cases and greatly hindering the procuratorial organs' work.

Yin Kesheng pointed out: Party leadership must be exercised over procuratorial work. Leading cadres at all levels must also guide procuratorial work but must openly give guidance according to the principles. They must vigorously support the procuratorial organs in handling the cases according to the law and should not engage in little tricks or interfere with the procuratorial organs in handling the cases out of selfish interests.

Foreign Ministry Cited on 'Two Chinas' Problem
OW2412165588 Beijing in Mandarin to Taiwan
1500 GMT 22 Dec 88

[Text] A spokesman of the Chinese Foreign Ministry said at a press conference on 22 December that China will resolutely oppose any country that has established diplomatic relations with it and which also establishes official ties with Taiwan or engages in dealings of an official nature with Taiwan.

The spokesman said this when asked by reporters about questions concerning Taiwan's consideration of establishing diplomatic relations with countries that have already established diplomatic relations with China. He said: There is only one China in the world. The government of the People's Republic of China is the only legitimate government that represents the Chinese people. The Chinese Government has always maintained that it will develop friendly and cooperative relations with other countries on the basis of the five principles of peaceful coexistence. He said: The so-called flexible diplomacy that Taiwan authorities are pursuing now is, as a matter of fact, to create two Chinas or one China and one Taiwan. The act itself not only violates its declared position of only one China but also runs counter to the wishes of Chinese at home and abroad who are concerned about the reunification of the motherland. The spokesman believes that the flexible diplomacy that Taiwan is pursuing now will not succeed.

PRC KMT Spokesman on 'Three Nos' Policy
OW2412085488 Beijing XINHUA Domestic Service
in Chinese 1236 GMT 21 Dec 88

[Local broadcast news service]

[Text] Beijing, 21 Dec (XINHUA)—Taiwan's LIAN HE BAO recently disclosed that the Taiwan authorities were considering abandoning their "three nos" policy under a "precondition," and demanded that the KMT [Kuomintang] Revolutionary Committee and Taiwan's Kuomintang "share the same political program" [ren tong 6126 0681]. According to a report by the recently published TUAN JIE BAO [UNITY NEWSPAPER], a spokesman

of the Central Committee of the KMT Revolutionary Committee said that although the news had not been verified, the Central Committee was willing to express its views regarding this matter.

The spokesman said: If the Taiwan authorities were truly considering abandoning their "three nos" policy, that would be a wise move compatible with popular feeling. Upholding the "three nos" policy is unfavorable to the reunification of the motherland and to the future of Taiwan. It is wise to abandon the policy as soon as possible. Realizing the peaceful reunification of the motherland is the common desire of the compatriots on both sides of the Taiwan Strait and is in the best interest of the Chinese nation. On this question all political parties should be responsible to history and should not raise any "preconditions" to impede the process of peaceful reunification. We hope that the Kuomintang and the CPC will get together as soon as possible and hold calm, frank, and sincere talks on an equal footing without any preconditions. Everything can be discussed, and problems can invariably be solved properly.

Regarding the news in connection with the demand for the Chinese KMT Revolutionary Committee and Taiwan's Kuomintang to "share the same political program," the spokesman said: The Revolutionary Committee is a democratic party founded by the democratic elements of the Kuomintang and by some patriotic democratic elements. Both the Revolutionary Committee and Taiwan's Kuomintang originated from the Kuomintang of China founded personally by Dr Sun Yat-sen. In this sense it can be said that they share the same root. As regards the political program of the KMT Revolutionary Committee at the present stage, it was explicitly spelled out in its constitution adopted at its seventh congress held recently. The program has been reported by some news media in Taiwan. If any "political program is to be shared," the KMT Revolutionary Committee and Taiwan's Kuomintang share a program in continuing to carry forward Dr Sun Yat-sen's patriotic and revolutionary spirit and the spirit of making constant progress and to fulfill Dr Sun Yat-sen's behest for reunifying the motherland and invigorating the Chinese nation. The question of "reversion" does not exist here.

Sedition Charges for Direct PRC Trade Dropped
*HK2312060088 Hong Kong AFP in English 0454 GMT
23 Dec 88*

[Text] Taipei, Dec 23 (AFP)—Taiwan's Supreme Court Friday upheld a verdict by the High Court to acquit a local businessman of sedition charges for trading directly with mainland China, a court official said.

The Supreme Court ruled that Liu Yi-chia, 33, was not guilty of sedition for his business deals with China.

It was the first verdict of its kind to be finalized, which observers said may set a precedent in other sedition cases involving direct commerce with China.

Mr. Liu's business deals defied the nation's policy forbidding direct contact with mainland China, but he was not engaged in "providing financial assistance to traitors" or Chinese communists which would constitute sedition, the official said.

Mr. Liu entered eastern coastal cities of China to smuggle in tea pots, Chinese medicine and jade and functioned as a broker for Taiwan fishermen in 1984 and August 1987, the official said.

He will still face charges in a district court for smuggling and violation of the national security law, the official added.

Taiwan permits indirect trade with China through third ports, but outlaws direct business contacts. However, Taipei allowed direct imports of farm and industrial material from China in August.

In November last year, Taipei partially lifted a 38-year ban on visits to China, allowing residents to visit the mainland for family reunions. But travel for other purposes such as trade, sightseeing, reporting, sports, and cultural activities are still banned.

National Assembly Proposal Urges Unity
*OW2712130888 Taipei Domestic Service
in Mandarin 2300 GMT 25 Dec 88*

[Text] The first plenary session of the 1988 annual meeting of the National Assembly was held on the afternoon of 25 December. The session unanimously adopted a proposal calling for stepped up efforts to promote the unity of the whole people and smash the united front work schemes of the Chinese Communists so as to facilitate the sound development of democracy and constitutional government.

The proposal will be made public in the form of a resolution of the meeting. It will call on compatriots at home and abroad, people's assemblies at all levels, as

well as the various political parties, religions, nationalities, schools, and civic groups to pledge themselves to strengthening unity and fighting for state security and national recovery.

PRC Offer to Help Defend Spratlys Rejected
*OW2212201388 Taipei CHINA POST in English
17 Dec 88 p 11*

[Text] Defense Ministry spokesman Chang Hui-yuan yesterday refuted an offer by the Chinese communists to aid the ROC [Republic of China] Armed Forces in defending the Spratly Islands in the South China Sea as "purely a united front tactic."

Chang said the Spratlys are an inseparable part of ROC territory and the ROC Armed Forces have the obligation to defend the integrity of its lands. The so-called joint defense of the islands is merely a united front gimmick of the Chinese Communists, he said.

The Central News Agency (CNA) yesterday quoted an unnamed source as saying that 21 islets of the Spratlys have been invaded by Vietnam, four by the Philippines, seven by Malaysia and six by the Chinese Communists.

The CNA said Taipei has troops stationed on the largest islet, the Taiping Islet.

In addition, Foreign Ministry spokesman Chen Yu-chu reiterated that the Spratlys is ROC territory, and any unlawful occupation of Chinese land by foreign governments will not be recognized by Taipei.

Ten Opposition Assemblymen Arrested
*HK2612022088 Hong Kong SOUTH CHINA
MORNING POST in English 26 Dec 88 pp 1, 8*

[Text] Taipei (AFP)—Security officers forcibly dragged 10 opposition MPs out of the national assembly for causing chaos during yesterday's 41st celebration of Constitution Day.

The MPs were locked in a side room, where they broke chairs, smashed windows and threatened to start a fire before they were released 90 minutes later when the session ended.

One of those arrested, Mr Tsai Shi-yuan, deputy secretary of the opposition Democratic Progressive Party (DPP), said at least two of his colleagues were injured while resisting arrest, ordered by Chiang We-go, secretary general of the National Security Council.

President Lee Teng-hui's opening speech was delayed for 10 minutes due to the episode.

The 11 DPP deputies in the house had earlier been prevented from carrying placards and banners into the building calling for the ousting of ageing congress members to make way for younger representatives.

The DPP has demanded new elections for Taiwan's tricameral congress which also comprises the Legislative Yuan, or Parliament, and the Control Yuan, the country's highest watchdog body.

They do not recognise the representatives elected in the mainland some 40 years ago and later given a mandate for life, who account for about 83 per cent of the current 1,200 members in the tricameral congress.

The ruling Kuomintang, which still claims sovereignty over the mainland, has insisted on gradually phasing out the ageing members through voluntary retirement.

Once inside the house, the DPP members started shouting for the expulsion of security officers among the audience.

The situation became chaotic as a shouting match developed between the DPP deputies and other MPs' witnesses said.

After failing to calm the DPP deputies, Assembly Secretary General Ho Yi-wu asked police and security officers "to carry out your duty to maintain order in this place".

They forcibly dragged and carried 10 of the DPP members out of the hall, but missed the 11th, Fang Cheng-sun, in the confusion, witnesses said.

The 10 said they would sue the assembly authorities for interfering with their personal freedom after they had been held in a side room for 80 minutes, during which they broke windows, smashed chairs and threatened to start a fire.

Mr Ho later said opposition members' words and actions did not carry parliamentary immunity because they were not in an assembly session but Constitution Day celebrations.

Twenty-nine deputies had issued a statement asking that the opposition members "who had staged a farce to downgrade the personality of their colleagues and damage the dignity of the National Assembly" be reprimanded, assembly sources said.

Earlier a group of 13 DPP representatives, including some of the DPP MPs, had smashed their tea cups on the floor in a side room in the building after they had been refused permission to deliver a petition personally to the president, witnesses said.

DPP Chairman Huang Hsin-chieh said he was launching a campaign to collect a million signatures for the petition calling for new congressional elections to eliminate members representing China elected in the mainland some 40 years ago.

While Mr Huang was collecting signatures in a park, some 1,500 people supporting the government gathered outside the Chungcheng Memorial Hall in an activity dubbed "Show our respect to the late presidents and our loyalty to the country," witnesses said.

Several thousand opposition members and sympathisers had also marched down Taipei streets to call for overall new congressional elections.

Taiwan To Develop Self-Made Nuclear Reactors
OW2512190888 Taipei LIEN HO PAO
in Chinese 17 Dec 88 p 1

[Text] Taiwan will develop by itself nuclear reactors for purposes other than research. Yen Chen-hsing, chairman of the Atomic Energy Commission of the Executive Yuan, announced at a press conference yesterday that the Nuclear Research Institute will spare no effort to develop "self-made nuclear reactors," with a designed power capacity equivalent to somewhere between 1/2 to 1/2 that of imported ones. The Nuclear Research Institute will cooperate with the Taiwan Power Company and provide it with nuclear fuel rods needed for nuclear generators.

Replying to questions raised by reporters as to the possibility of an independent domestic nuclear industry, Yen Chen-hsing formally announced that the Nuclear Research Institute has set as its long-term goal the development of self-made "light water reactors." The mid-term goal is "self sufficiency in nuclear energy."

The nuclear reactors and turbines presently used for the six generating sets at the three commercial nuclear power plants currently in operation are imported from the United States. They are nuclear plants totally transplanted from the United States. The nuclear power plants planned to be built in the future will be also imported from abroad.

Chou Jen-chang, director of the Nuclear Research Institute said: The self-made nuclear reactors to be developed by Taiwan in the future will either be used as a single unit on isolated islands or other remote regions, or several of them will be put together to become a large nuclear plant.

Hong Kong

Britain Hints at Increased Refugee Quota
*HK2312093388 Hong Kong SOUTH CHINA
MORNING POST in English 23 Dec 88 p 6*

[By Simon MacKlin]

[Text] The British Government yesterday gave a tentative promise to accept up to 1,000 Vietnamese refugees from Hong Kong over the next two to three years provided other countries agreed to increase their quotas of resettlement places.

Speaking at an adjournment debate in the House of Commons yesterday, Junior Foreign Office Minister Tim Eggar called for a collective international attempt to reduce the number of Vietnamese refugees in Hong Kong.

"We believe the time has now come for a major international effort to tackle the residual problem," Mr Eggar said.

"We are prepared in principle to contribute to that effort by taking a further 1,000 Vietnamese refugees over two to three years provided others are prepared to contribute commensurately."

But Mr Eggar said the British Government would only offer resettlement places to those refugees who already had relatives living in Britain or those who were financially self-supporting.

He praised the Hong Kong Government for its response in dealing with the influx of more than 17,000 Vietnamese who had arrived in the territory this year.

Despite limited resources, the Hong Kong Government had been able to clothe, house and feed all of the boat people who had arrived, Mr Eggar said.

The British Government would continue to do all that it could to help Hong Kong to deal with the problem, he promised.

In May last year the British Government made a commitment to resettle a total of 468 Vietnamese refugees from Hong Kong in a two-year period ending in the spring next year.

This was reduction from its previous quota in 1985 when it had agreed to offer resettlement places to up to 500 Vietnamese refugees in one year.

But a Hong Kong Government spokesman last night welcomed Mr Eggar's call for an international effort to tackle the problem.

"With more than 15,000 refugees still in Hong Kong, the Hong Kong Government will continue to do all it can to encourage resettlement countries to increase their (quotas)," the spokesman said.

The deputy convenor of the Office of the Members of the Legislative and Executive Councils' security panel, Mrs Rita Fan Hsu Lai-tai, said she would have preferred the British to have given a more concrete offer of resettlement.

It would be easier to persuade other countries to offer resettlement places if the British had made a firm commitment rather than a vague promise, Mrs Fan said.

"What we are really all looking forward to is an actual commitment by the British Government—we are looking to them to take the lead," she said.

Research by the authoritative British Refugee Council in Britain had suggested that 60 Vietnamese refugees a month could be resettled from Hong Kong, she said.

Initiative Recieved Positively
*HK2412021788 Hong Kong SOUTH CHINA
MORNING POST in English 24 Dec 88 p 3*

[By Simon Macklin]

[Text] Major resettlement countries responded positively yesterday to the possibility of a British initiative to provide more places for Hong Kong's Vietnamese refugee population.

Diplomats said that issue was expected to be raised at top level meetings when senior United States and Australian officials visited the territory over the next few months.

Most diplomats said they believed a concrete promise by the British Government to offer a "substantial" number of resettlement places to refugees would set a lead which other governments might follow.

A spokesman for the Australian consulate said the issue would be discussed when the Australian Minister of Foreign Affairs and Trade, Mr Gareth Evans, visited the territory early next year.

"We and other resettlement countries have said we would look to the British to take a lead in providing more resettlement places," the spokesman said.

The Australian Government would welcome the opportunity to discuss the issue with other governments, he added.

An internal inquiry in Australia had suggested fewer resettlement places should be offered to Vietnamese refugees but this was rejected by the Government.

The Australian Government was committed next year to offering at least as many resettlement places as it had this year, the spokesman said.

Australia has resettled an average of 500 refugees a year from Hong Kong for the past three years.

The country also takes people direct from Vietnam under the United Nations monitored Orderly Departure Scheme.

A spokesman at the U.S. Consulate in Hong Kong also welcomed the British initiative and said his Government was anxious to find a solution to the regional problem of refugees from Indochina.

"We will look at this issue very closely and with great seriousness," the spokesman said.

"Under the appropriate conditions we would support a regional conference to find a solution to the issue."

The U.S. this year resettled 682 Vietnamese refugees, more than twice last year's number, while only about 200 have been resettled by the British authorities.

British Junior Foreign Office Minister Tim Eggar said, in a House of Commons debate earlier this week, that the time had come for an international effort to tackle Hong Kong's refugee problem.

He said the British might be prepared to offer resettlement places to as many as 1,000 Vietnamese refugees over the next two to three years if other countries were prepared to contribute commensurately.

The British, U.S. and Australian governments are all expected to send representatives to an international conference on the Indochina refugee problem in Geneva next year.

There are currently more than 15,000 Vietnamese refugees in Hong Kong along with more than 10,000 Vietnamese boat people who arrived after the Government's introduction of a screening policy on June 16. It only allows those who can prove they are genuine refugees to remain awaiting resettlement.

Meanwhile, the remaining 162 former China Vietnamese illegal immigrants were moved off the Man Wah ferry to the Green Island Reception Centre yesterday.

There are now a total of 693 illegal immigrants on Green Island.

The Government spokesman said there had been no new arrivals from China in the past seven days.

The ferry had been hired from the Hong Kong Yaumati Ferry Company as temporary accommodation until a more permanent site could be found.

Accord in Sight for Stationing of PLA Troops
HK2612031688 Hong Kong HONGKONG STANDARD in English 26 Dec 88 p 1

[By David Wong, Wilson Wong, and Johnson Sze]

[Text] Stonecutters Island may be developed into a naval base and army barracks for the People's Liberation Army after 1997 under a proposal hammered out by British defence experts.

The proposal is understood to have been submitted to the Chinese representatives of Joint Liaison Group [JLG] for consideration, according to informed sources.

THE HONGKONG STANDARD also understands that a group of PLA senior officials inspected the military facilities on the island during a recent visit to the territory's barracks.

The possible move of the naval base from its present site at HMS Tamar forms an essential part of sensitive negotiations between the British and Chinese Governments on the future arrangements for military installations in Hong Kong.

An army barracks on Stonecutters would also offer a way out of the present wrangle over whether the PLA garrison should be stationed in the urban or rural area.

Defence experts of the Sino-British Joint Liaison Group have been discussing the British garrison's withdrawal and future arrangements for army barracks for more than year.

HMS Tamar is part of a multi-billion-dollar reclamation project in Central and Wan Chai planned for the early 1990s, and the Hong Kong Government is keen to sort out an early arrangement with Beijing so that planning for the project can be completed.

Sources told THE HONGKONG STANDARD that the fate of the Tamar armed forces headquarters was raised during the last JLG meeting held here early this month, but no agreement was reached.

Officials of both governments said there was no impasse, but the talks would take a long time because of the complexity of the issues.

During previous talks, Britain is understood to have suggested that Tamar could be converted into the British Consulate-General or the seat of the Government Secretariat after the transfer of government in 1997. Both ideas were turned down because they projected a colonial image.

While the British advocate that the future PLA troops should be stationed in rural areas to avoid causing public unease, the Chinese side maintains that the PLA should be able to assess its overall needs before making any such commitment.

Sources said the Chinese representatives on the JLG had told their British counterparts the PLA would like to have a naval base.

Stonecutters Island is thought to be an ideal site for naval vessels because of its natural deep water setting, according to a British source. Being close to, but separated from, the urban areas also makes an appealing compromise site for the PLA barracks.

"This proposal is still under deliberations by the Chinese and British JLG teams, and there is no conclusion at this stage," a Government source said.

Stonecutters and Tsing Yi Islands are also under consideration as sites for the No. 8 and 9 container terminals, but the findings of a port expansion study favour Tsing Yi, leaving Stonecutters available for other uses.

Defence experts from the British and Chinese Governments have also discussed future arrangements for other military facilities, including the British Military Hospital.

It is understood the Hong Kong Government would prefer to demolish the hospital, but it has not yet decided where to build a new military hospital for the armed forces.

"The Chinese side will be consulted on their views where the building should be erected because they will be using the facilities after 1997," a Government source said.

The JLG defence working group will have another round of talks early next year to hammer out solutions for the future of Tamar. It will also discuss the Stonecutters Island proposal.

PRC Moves To Reassure Investors
HK2312093188 Hong Kong SOUTH CHINA MORNING POST in English 23 Dec 88 p 3

[By Lai Pui-yeet]

[Text] In a bid to reassure foreign investors, Beijing's representative office in Hong Kong is prepared to provide classified information upon request on approved mainland-backed firms operating in the territory.

The move by the NEW CHINA NEWS AGENCY (NCNA) follows concern among overseas businessmen about malpractices in China-funded enterprises in the territory, which has dented the mainland's reputation as it pursues its open-door policy.

The confidential list is expected to be ready by April and will only be made available to Chinese high-ranking officials.

The list, which will only be provided to overseas investors at the NCNA's own discretion, could prove highly sensitive because some firms doing business with places such as South Korea and Taiwan—with which China has no official connections—would be reluctant to have their connections made public.

In addition, some well-established local concerns which are in fact owned by the mainland would be embarrassed if exposed.

According to a confidential official survey in late 1984, only 133 mainland companies and their subsidiaries were identified in Hong Kong and Macao.

However, the number of trading companies which claim to have mainland connections has soared to nearly 3,000.

Earlier this month, Chinese officials, including the head of the NCNA, Mr Xu Jiatun and head of the Hong Kong and Macao Affairs Office under the State Council, Mr Ji Pengfei, said China was considering publicising the names of mainland-funded companies in Hong Kong.

Both the NCNA and the Hong Kong and Macao Affairs Office have undertaken separate investigations into mainland trading companies.

The companies have to have mainland approval from the State Council to operate in Hong Kong.

Macao

Macao's Draft Basic Law Issued
HK2612032088 Hong Kong HONGKONG STANDARD in English 26 Dec 88 p 2

[Text] Macao—No minimum stipulated term of residency in Macao has been set for membership of the enclave's Basic Law Consultative Committee, according to draft regulations released yesterday.

The Macao Basic Law Drafting Committee (MBLDC) had earlier proposed at a general meeting the requirement of seven years' residency as a criterion, but this was opposed by local Portuguese and mainland Chinese, many holding influential positions despite having been in Macao for only a few years.

The draft adopts an open-minded attitude on terms of residency to qualify for committee membership, seen by observers here as a major surprise.

The working group on the draft, set up last November, held a press conference at the weekend to announce the draft regulations, calling upon the "compatriots of Macao" to voice their opinions.

The coordinator of the working group, 33-year-old banker Edmund Ho, asked the residents of the enclave to send in their views before January 7.

Under the draft, any legal resident could be a MBLDC member, including Portuguese, Portuguese-speaking Eurasians and foreigners.

The MBLDC will have between 60 and 100 members and observers believed many will be from the Portuguese-speaking Eurasian minority of about 10,000, or two percent of the population.

END OF

FICHE

DATE FILMED

28 Dec 1988

